FINANCIAL TIMES

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WORLD NEWS

Metropolitan Police chief quits early

Metropolitan Police Commissioner Sir Kenneth Newman is retiring three months earlier than expected. He leaves in August rather than October. Sir Kenneth, 60, who brought an intellectual, executive air to Britain's top police post, will be succeeded by his deputy, Peter Imbert, 53, regarded as a no-nonsense, open officer.

A premature end to Sir Kenneth's tempestuous five years in charge of London's policing had been expected but its suddenness came as a surprise.

Star Wars assurance

Two US envoys assured Nato allies that Washington was not on the verge of a major decision non the Star Wars programme or the Anti-Ballistic Missile Treaty, Nato said. They pledged more consultation on the two related issues before any decision.

Middle East peace row

A showdown between Israeli Premier Shamir and Foreign Minister Peres is expected tomorrow following the Peres agreement with Egypt on the need for an international Middle East peace conference this year. Page 2

Diplomat arrested

A Mexican diplomat was arrested in London in connection with the murder of two prostitutes. He called police after watching BBC-1's Crimewatch programme. The UK may seek waiver of diplomatic immunity.

BBC growth to end

Michael Checkland, new BBC director-general, proclaimed the end of growth for the corporation and signalled contraction. Back Page

Pay move collapses

A government attempt to introduce a limited form of regional pay variation in the Civil Service has collapsed in face of industrial action. Back Page

Dockyards writ

Unions representing 19,000 workers at Devonport and Rosyth Royal Naval Dockyards served a writ on the Defence Secretary, to postpone his installation of agency management. Page 7

Vatican warns Rome

The Vatican said it would not tolerate Italian state interference in its institutions, breaking silence on the arrest warrant for Archbishop Paul Marcinkus. Page 2

Secrets ban

An Edinburgh court banned former GCHQ official Dennis Mitchell of Cheltenham, Glos, from disclosing secrets, possibly to the media. He has 21 days to petition.

Jail protest move

The Government is considering taking legal action against Barlinnie Jail, Glasgow, prison officers who are refusing new admissions in protest at overcrowding.

Alcohol all day

A private member's bill to permit restaurants to serve alcohol with meals all day went through all Commons stages "on the nod." Page 4

Rate not set

Derbyshire was unable to fix a rate. Its treasurer said a 4.8 per cent rise recommended by the Government would mean a £36m shortfall, 4,000 full time jobs lost and devastation of services.

BR to sell old prints

British Rail Pension Fund is to auction 100 Old Master prints at Sotheby's in June for about £1.5m.

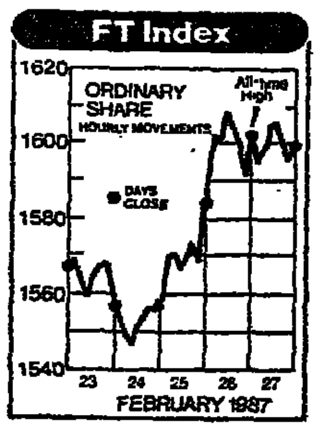
BUSINESS SUMMARY

Argentina wins $500m loan facility

ARGENTINA has been offered a $500m (£323m) bridging loan facility, put together by the central banks of 12 OECD countries under the aegis of the Bank for International Settlements.

The loan is seen as an important vote of international confidence when Argentina is in the final stages of discusion with commercial banks for the rescheduling of $30bn of debt. Back Page

UK EQUITIES: Satisfactory January trade figures from the UK and US underpinned the market which showed little regard for the Greenwich by-election result.



Having breached 1,600 for the first time on Thursday, the FT Ordinary Shar Index eased back to 1,599.8, down 1.9 on the day but up 32.8 on the wek. The FT-SE 100 Share Index closed at 1,979.2, compared with 1,961.5 a week ago. London Stock Exchange, Page 13

HIGHAMS, industrial textile group owned by property developer John Whittaker, won a six-month battle to take over the Manchester Ship Canal Company. Back Page

LLOYDS BANK, smallest of the Big Four UK clearers, lifted pre-tax profits for 1986 by 25 per cent to £700m, in line with market expectations. Page 10 Lex, Back Page

SEDGWICK GROUP, UK's biggest quoted insurance broker, reported pre-tax profits in 1986 up 9 per cent to £135.5m, after increasing its presence in the US. Page 10

SAINT-GOBAIN, recently privatised French glass and materials group, confirmed to shareholders that last year's net consolidated profits almost doubled to FFr 1.43bn (£153m) and that profits were expected to rise again this year. Page 11

UK RETAILERS: Marks and Spencer and Sir Terence Conran's Storehouse Group separately announced plans for expansion in the Far East. Page 4

BRITISH AIRWAYS: the staff trade union initiative to create a block of share voting rights seems set to secure a 2 per cent stake in the recently-privatised company. Page 7

HONG KONG: A HK$4.4bn (£366m) debt and equity package for the construction of a second road and rail tunnel linking Hong Kong island and Kowloon was unveiled. Page 3

ACCOUNTANCY: Off-balance-sheet financing—having assets which do not appear on a balance sheet—is becoming increasingly common, according to the Institute of Chartered Accountants in England Wales. Page 5

NEWSPAPERS: The Office of Fair Trading has cleared the London Evening Standard of uncompetitive practices in its circulation war with Robert Maxwell's London Daily News.

TOTTENHAM HOTSPUR, only Stock Exchange listed football club, announced a pre-tax loss of £1.18m for the half-year ended November 1986, due almost entirely to a transfer fees deficit. Page 10; London ground sharing, Page 5

MARKETS

DOLLAR
New York lunchtime:
DM 1.8265
FFr 6.0805
SFr 1.53723
Y153.175
London:
DM 1.8265 (1.823)
FFr 6.0825 (6.07)
SFr 1.537 (1.5355)
Y153.2 (153.1)
Dollar index: 103.8 (103.6)
Tokyo close: Y153.15

US LUNCHTIME RATES
Fed Funds: 6%
3-month Treasury Bills:
yield: 5.57%
Long Bond: 100⅞
yield: 7.46%

GOLD
New York: Comex April latest $408.5
London: $405.5 ($404.5)

STERLING
New York lunchtime: $1.547
London: $1.546 (1.54)
DM 2.825 (2.8075)
FFr 9.4025 (9.3475)
SFr 2.375 (2.365)
Y236.75 (235.75)
Sterling index: 69.9 (69.4)
3-month interbank:
closing rate 10⅞% (10⅞)

NORTH SEA OIL
Brent 15-day March (Argus)
$16.15 ($16.275)

STOCK INDICES
FT Ord 1,599.8 (−1.9)
FT-A All-Share 863.12 (0%)
FT-SE 100 1,979.2 (−1.0)
FT-A long gilt yield index:
High coupon 9.55 (9.91)
New York lunchtime:
DJ Ind Av 2,223.99 (+7.31)
Tokyo:
Nikkei 20,421.66 (−32.24)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 6 50; W Germany DM 2.20; Ireland 50p; Italy L1,600; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 8.00; Switzerland SFr 2.20.

Prosecutor pleads for leniency in Paris terrorism trial

PROSECUTING COUNSEL in the trial of Mr Georges Ibrahim Abdallah on terrorism charges in Paris, caused a sensation in the main criminal court yesterday, writes David Housego, by asking for a maximum sentence of 10 years' imprisonment against the alleged leader of the Lebanese Revolutionary Armed Faction.

Mr Abdallah is accused of complicity in the murder of an American and an Israeli diplomat.

If found guilty he would normally have been liable to a life sentence on both charges. Mr Pierre Baechlin, prosecuting counsel, said: "Any sentencing to whatever penalty will transform the accused into a martyr, and France into a hostage."

Turning to the lawyer acting for the US Government, which is a civil party in the case, he then said: "We have no lessons to learn from our allies"—a reference to US sales of arms to Iran in a deal on hostages.

He concluded: "With cold in my heart, I plead with you, I beg you, I ask you not to pronounce against the accused a sentence of more than 10 years' imprisonment."

The prosecuting counsel's request would seem to confirm repeated reports that the French Government has struck some deal with the Lebanese Revolutionary Armed Faction and with Syria for leniency towards Mr Abdallah in exchange for a continuing respite from terrorist attacks.

The Lebanese group was believed to have been responsible for the wave of explosions in Paris in September, which killed 11 people and wounded more than 150. The daily Le Monde was the first to allege that the subsequent truce was negotiated by the French Government using Syria and Algeria as intermediaries.

Since then suspicions of a deal have been increased by the haste with which the trial has been hurried forward.

The verdict is due to be delivered today by the seven-member panel of magistrates specially appointed for the trial.

France suspended jury hearings of terrorist trials in December after an Action Directe leader threatened the jury.

Mr Abdallah has refused to attend the trial since making an impassioned political indictment of the court on the opening day of the hearing on Monday.

Mr Georges Kiejman, the lawyer representing the US, called the prosecutor's demand a "caricature." He had produced fresh handwritten evidence earlier this week which seemed to establish Mr Abdallah's role in the founding of the Lebanese group.

Mr Baechlin seemed as well to distance himself from the demand for leniency put forward at the request of the French Government by saying: "I am an officer who has to adapt his course."

White House search to replace Regan

BY STEWART FLEMING, US EDITOR IN WASHINGTON

DIFFICULTIES in President Reagan's White House over finding a replacement for Mr Donald Regan ppeared yesterday to be delaying an announcement of the departure of the Chief of Staff, who come in for bitter criticism in an official report into the Iran arms affair.

u Senator Robert Dole, the senior Republican in the Senate, said after a meeting between President Reagan and Republican leaders in Congress yesterday: "There will be a new chief of staff. We don't know who it is going to be or when it will be announced."

Mr Regan, blamed by the Presidential Commission on Thursday for allowing "chaos" to descend on the White House after the Iran-Contra scandal erupted last November, has faced a barrage of criticism from all sides for clinging to his position.

Three or four names are being mentioned as possible successors. They include Mr James Baker, the Treasury Secretary and a political ally of Vice-President George Bush, Mr Charles Price, US Ambassador to London, Mr John Herrington, the Energy Secretary, and Mr Kenneth Duberstein, a former top White House aide.

It is still unclear whether Mr Regan would also be leaving the

Senator Paul Laxalt, a close political friend of the President's and a man tipped strongly earlier in the week as likely to take some position in the White House, has announced that he will not accept a full-time post. Separatively, the Washington Post reported yesterday that Mr Drew Lewis, the chief executive of Union Pacific, once seen as the most likely successor to Mr Regan, has also told the White House he does not want a full-time post.

Mr Marlin Fitzwater, the White House spokesman, said yesterday that the President had spoken to both men and that they "would be available to help in any way the President desires."

Senator Dole's statement that a new chief of staff would be appointed is likely to reassure those who have argued that such a move is essential if Mr Reagan is to recover from the blows of the past six months, while financial markets are likely to read it as a potentially positive sign. Mr Regan has long been seen as one man in the White House who would dearly like to see Mr Paul Volcker replaced as chairman of the Federal Reserve Board when his current term of duty expires in August.

It is widely expected that Mr Regan's move will presage a full-scale shake-up of White House staff, criticised by the Tower Commission for having "failed the President."

In the wake of the commission report, the beleagured White House faced another barrage of criticism of the Reagan Administration's handling of the Iran initiative and of the President's failure to involve himself actively in the formulation of vital government policies.

Politicians and newspaper columnists were asking whether

Continued on Back Page
Reaction, Page 2; Man in the News, John Tower, Page 8

Election decision in the balance

BY PETER RIDDELL, POLITICAL EDITOR

THE Prime Minister's closest advisers are now inclined to wait until after the local elections on May 7 before deciding whether to go for a general election in the summer or early autumn.

This view has been reinforced by the SDP/Liberal Alliance victory in the Greenwich by-election, where Mrs Rosie Barnes took the seat with a majority of 6,611, overturning a Labour majority of 1,211 at the 1983 poll. The change reflected largely a switch of support from previous Conservative voters to stop Labour.

The Alliance result was its best of the Parliament. The Alliance leadership was yesterday basking in its success as the Conservative Party planned an immediate counter-attack and recriminations began in the Labour Party about the loss of a seat held for 42 years.

Mr Eric Heffer, the hard-Left former member of Labour's National Executive Committee, attacked the television packaging of the candidates like soap powder and urged "clear bold socialist policies."

Mr Frank Field, the independent-minded Labour MP who successfully fought Militant in his Birkenhead constituency, said it was "sheer folly" to ignore the fact that very many traditional Labour voters had turned away because they could not support the hard-Left views of Ms Deirdre Wood, the party's candidate.

The Conservatives are planning to take the offensive over the weekend withthe announcement that one of the former Labour MPs who founded the SDP in 1981 is to join the Tories. The decision to announce the move via the Sunday newspapers to puncture the Alliance euphoria, was taken well before the Greenwich result.

In general, Conservative leaders were shrugging off the fact that ther candidate took poor third place at Greenwich. Mr Norman Tebbit, party chairman, said the result was "not relevant to a general election, where tactical voting will be on the issue of whether we are to have a socialist Lib/Lab Government, or whether we should have a Conservative Government."

Senior advisers to Mrs Thatcher, both at Westminster and at Conservative Central Office, believe the Greenwich result has of itself made no difference to election timing, which will naturally take into account the general trend of opinion polls after the Budget on March 17 and the Prime Minister's visit to Moscow

At present, however, advisers believe she will want to wait for the results of the May 7 local elections, taking place everywhere in England and Wales outside London, before being sufficiently certain to take a view.

There is considerable evidence that the Greenwich result was exceptional, reflecting the unusual degree of media attention on a by-election and the special features of hard-Left activities in the inner London Labour Party.

A Harris Poll, carried out for ITN among 1,639 voters on Thursday, highlights not only the extent of switching by former Conservative voters to the Alliance, particularly in the past few days, but also suggests that the result might be different at the general election.

When asked about general election, rather than by-election, intentions, the poll shows such a marked revival of Conservative support at the expense of the Alliance that Labour would have won the seat with 41 per cent of the vote, compared with nearly 34 per cent on Thursday. On this assumption, Alliance support would drop from 53 to 33 per cent.

Triumph not a trend, Page 4;
Editorial comment, Page 8

Trade gap narrows but figures labelled freakish

BY JANET BUSH

BRITAIN'S trade performance showed a sharp improvement in January but both imports and exports were heavily affected by the bad weather. Government officials described the figures as freakish.

At the same time, the Government's Central Statistical Office has revised its projections for invisible earnings for the final three months of last year and produced a lower-than-expected estimate for January.

Earlier estimates had suggested buoyant earnings from invisible trade in the final months of 1986 had gone a long way to counterbalance a previous marked deterioration in Britain's trading performance and had left the current account showing only a small shortfall for the year as a whole.

Figures released yesterday showed a visible trade deficit of £527m compared with a shortfall of £887m in December. The CSO had previously reported a deficit of £763m.

Both exports and imports fell substantially last month, apparently because of transport problems during the bad weather. The volume of exports, excluding oil and erratic items, fell by 5 per cent between January and December while imports, excluding the same items, dropped by 9 per cent.

Government officials said they could find no clear explanation why the weather had hit imports harder than exports.

CURRENT ACCOUNT
£m, seasonally adjusted

		Current balance	Visible trade: Exports fob	Visible trade: Imports fob	Invisibles balance
1985		+3,482	78,111	80,289	+5,660
1986		− 360*	72,843	81,096	+7,893*
1986	Q1	+ 759	18,164	19,391	+1,986
	Q2	+ 303	17,786	19,337	+1,854
	Q3	− 620	17,553	20,426	+2,253
	Q4	− 802*	19,340	21,942	+1,800*
	Oct	− 115*	6,294	7,009	+ 600*
	Nov	− 400*	6,569	7,569	+ 600*
	Dec	− 287*	6,477	7,364	+ 600*
1987	Jan	+ 73*	6,204	6,731	+ 600*

* Invisibles for October 1986 to January 1987 are projections.

Continued on Back Page
US balance of payments, Page 2; West German balance of payments, Page 3

Trainees may be eligible to claim dole

BY DAVID BRINDLE, LABOUR CORRESPONDENT

AS MANY AS 180,000 part-time trainees on the Government's Community Programme for the long-term jobless may be eligible to claim unemployment benefit following a ruling by the social security commissioners.

Those who claim benefit would be added to the unemployment register, potentially wiping out the 33,800 fall in the unemployment figures during the past 12 months by more than five times.

The unanimous ruling, made public yesterday, results from a test case brought by the GMBU general workers' union on behalf of one of its members, Mr Vincent Brunt.

The Department of Health and Social Security said yesterday that the ruling did appear to mean for the present "large numbers" of Community Programme trainees could claim benefit and return to the unemployment register.

About three-quarters of the programme's 250,000 trainees are part-time, according to the Employment Department. Critics of the scheme have said that this emphasis on part-time training has made it a particularly cheap way of cutting the unemployment figures.

Mr Glyn Thornton, the GMBU Liverpool area official who has overseen Mr Brunt's case, sa[illegible] many part-time trainees cou[illegible] receive about £15 a week in unemployment benefit for the three days they were not working.

Mr Brunt's training course, which has since finished, involved landscaping churchyards in the Runcorn area. It ran for two and a half days a week. His claim for benefit for three and a half days—the benefit system working on the basis of a six-day week was initially rejected.

However, the tribunal has declared that section 7(1)(e) of the Social Security (Unemployment, Sickness and Invalidity) Regulations 1983 should be interpreted in such a way that the claimant's normal working week is not the part-time week of the training scheme.

The ruling is not expected to apply to trainees whose [illegible]urses run for five mornings [illegible] five afternoons.

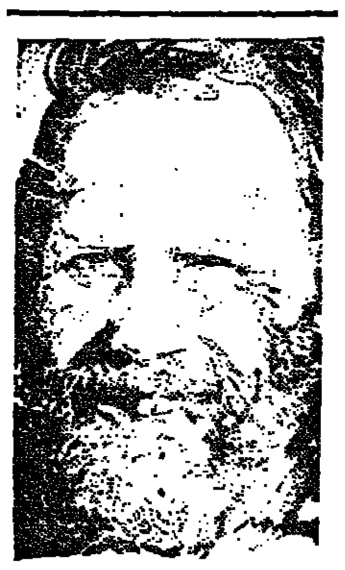
The Government is none the le[illegible] likely to be so concerned ab[illegible]t the effect of the ruling th[illegible] it will mount a quick ap[illegible] in the courts. If that fai[illegible] it could try to amend the 1983 regulations to deal with what ministers will see as an anomaly.

Labour News, Page 7

CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

WEEKEND FT



PEAK TIME

Mountaineer Chris Bonington embarks on his expedition to Menlungtse, Everest's unconquered neighbour. Page I

FINANCE

There's a new leader in the Great Investment Race Page VI

CITY GYMS

The Keep Fit craze makes for a boom market. Page XIV

CHESS

Dominic Lawson meets Nigel Short, Britain's mastermover on the international chess board. Page XVIII

Venezuela close to benchmark interest rate deal

BY ALEXANDER NICOLL

VENEZUELA and its leading creditor banks were yesterday putting the finishing touches on a $21bn (£13.6bn) debt rescheduling agreement setting what bankers hope will be a benchmark interest margin of ⅞ percentage points above London interbank offered rates (Libor).

The accord revises an agreement reached a year ago which included a 1⅛-point margin. Venezuela had sought to renegotiate the terms because of the fall in its oil income.

The other big change in the agreement will reduce the amount of principal which will be repaid by Venezuela over the next three years from $3.36bn to $1.35bn.

Bankers said the Venezuelan deal should send a message to other creditors negotiating with the banks about the interest margins they could expect the bank to agree to. Among these is Brazil, which suspended interest payments on $68bn of debt last week and is expected to present proposals to the banks after Mr Dilson Funaro, the Finance Minister, completes his current tour of world capitals.

They noted that Venezuela, unlike all other countries rescheduling their debt, would continue to repay some principal and needs no new money and has no interest arrears.

Bankers have repeatedly said that Mexico's new loan and rescheduling, now being finalised and carrying a 13/16 point spread, should not be seen as a precedent by other countries.

Top Venezuelan financial officials were expected to endorse the agreement at a meeting in New York late yesterday with the 13-bank advisory committee. Other banks—some of which have complaints about Venezuela's handling of $7bn of private sector debt—must then approve it.

The accord is the second to be reached this week, following Chile's $12.4bn rescheduling deal which included a 1 per cent margin over Libor. Mexico, for which a $7.7bn loan request has been bogged down because of the reluctance of smaller banks to subscribe, also announced this week that signing would begin March 20.

Argentina's bank advisory committee said yesterday that its talks with Mr Mario Brodersohn, the country's Finance Minister, were progressing following the announcement of a $500m official bridging loan.

World debt reports offer little hope of solutions

BY NANCY DUNNE IN WASHINGTON

TWO NEW reports issued by the World Bank and the Businessmen's Council of the Americas contain sombre appraisals of the debt problem of developing countries and offer little hope of private sector solutions.

The World Bank, in its developing country debt report, notes that the comercial banks "offer no encouragement that a renewal of voluntary lending is close and highlight the very real difficulty of harnessing private lending in support of longer-run adjustment programmes."

The decline in net new lending continued in 1986, and the total capital flows to the developing countries, even counting in direct investment and official and private grants, are "unlikely to have increased over the 1985 level," the bank reported.

While export credits and lending by the multilateral development institutions increased, lending by commercial banks, net of principal repayment, appears to have dropped significantly below the depressed levels of 1985. Negative net transfers for long-term loans are estimated at about $29bn.

In a survey of its members, 200 US companies with interests in Latin America and the Caribbean, the Council of Americas found no sign that increased investment would boost the third world economies.

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Chad reports Libyan air raid

Chad's official radio said yesterday that Libyan planes made continuous bombing raids on Thursday night on government positions at the oasis town of Fada in the northeastern desert, Reuter reports from N'Djamena.

The N'Djamena said Libyan planes also pounded the outpost of Zouar, at the edge of the Tibesti mountains in the northwest, and the mineral-rich northern area of Aouzou.

Chadian forces launched a major drive last December to oust several thousand Libyan troops from the northern part of the country.

US trade and inflation positions deteriorate

By James Buchan in Washington

THE US trading position and inflation both deteriorated last month according to figures released in Washington yesterday, but the market absorbed the news without apparent anxiety about the outlook for the country's international competitiveness and inflation.

According to figures released by the Commerce Department yesterday, the US trade deficit widened to $14.78bn in January, against an adjusted $12.73bn. The deterioration was due to an 11 per cent drop in US exports, while imports continued at the same level as December.

Meanwhile, the Consumer Price Index, which has been increasing at very modest monthly rates for the past six months, jumped 0.7 per cent in January over December for an annual inflation rate, based on January alone, of 8.3 per cent. The annualised rate, based on the last three months, is 4.4 per cent.

However, traders in New York said yesterday that both sets of figures were broadly in line with expectations. Bond prices, which often fall in response to higher inflationary expectations, rose in early trading while the US dollar, which has tended to fall on signs of a widening trade deficit, held steady.

The January trade deficit, and the addition of a further $2bn in imports to the December figure, suggest that the depreciation of the dollar has yet to provide the expected boost to US exports. Traders were particularly disappointed by the 11 per cent month-on-month decline in exports to $16.38bn, the lowest figure for several years.

"The export component in that figure was just terrible," said Mr Frank Watson, head of the corporate desk at Swiss Bank Corporation in New York. However, the market had been prepared for a defcit in the $14-16bn range.

Mr Malcolm Baldridge, the commerce secretary, blamed bad weather for holding back exports in January. He said he expected exports to "resume their uptrend in February and March."

Deng praises Polish approach to opposition

By Robert Thomson in Peking

THE Chinese leader, Mr Deng Xiaoping, has advised that the country take a lead from Poland in using "dictatorial" means to handle political opposition, according to leaked Communist Party documents that suggest Mr Deng is heading the drive against western influence.

The documents show that Mr Deng wanted tough action taken against student protesters and was confident that foreigners are less interested in China's human rights record than its political stability.

He also said that the present campaign against "bourgeois liberalism" must last for "at least 20 years."

Reporters from the Washington Post, Agence France Presse, and Kyodo, the Japanese news agency, were given extracts of several confidential party circulars, released to senior Communist Party officials in the past month, in an apparent attempt to show that Mr Deng is still in control of the party.

Mr Deng praised the Polish Government for its handling of the rise of the Solidarity trade union and for its cleverness in dealing with the Catholic Church: "They adopted martial law and controlled the situation, that clearly shows that if we don't use dictatorial methods, it won't do . . . we must not only talk about dictatorial methods, but also practise them."

Reagan urged to put house in order

BY JAMES BUCHAN IN WASHINGTON

THE SHOCK of the Tower commission report continued to reverberate in Washington yesterday as congressmen and political commentators assessed the report's astonishing account of chaos, irresponsibility and possible law breaking in the Reagan White House.

Echoing comments by politicians of both parties the Washington Post said of Mr Reagan in an editorial yesterday: "He was an Administration in the back seat of a car rolling down a hill with no one at the wheel."

The New York Times was even harsher, arguing in an editorial that there was "powerful reason for believing" that Mr Reagan failed in his constitutional responsibility to take care "that the laws be faithfully executed."

Members of the commission who were charged by President Reagan to examine the Iran arms affair as well as congressmen said that it was vital that Mr Reagan moved swiftly to reassert control and prevent his presidency from becoming an irrelevance.

"It's not going to be easy," said General Brent Scowcroft, a former national Security Advisor who was a member of the three-man commission under the conservative former Republican Senator Mr John Power.

Among the proposals bandied about yesterday Mr Reagan was strongly advised to let go of his powerful White House Chief of Staff, Mr Don Regan, who is sharply criticised in the report, and possibly shake up his Cabinet in order to salvage his presidency.

"It is obvious to almost everyone in the country that Don Regan should have been let go a long time ago," Senator George Mitchell, a Democrat, said.

Mr Reagan is also expected to come under intense pressure from senior Republicans to acknowledge openly the extent of his role in the Iran arms affair.

Even Republican congressmen disputed the commission's argument that handling of the Iran arms affair was an "aberration" in an otherwise competent White House.

"I'm less concerned about what it says about the Iranian policy than the broader implication that other policy such as the Reykjavik summit, for example, was handled in a similar cavalier fashion," Mr Dick Cheney, a senior Republican congressman, said.

Ronald Reagan with a copy of the report.

Where all this criticism just ain't right

BY LIONEL BARBER IN PHOENIX

OUT IN the desert community of Phoenix, Arizona, the Irangate scandal has not had an easy time making front-page news.

First there was the snow, three feet of it in neighbouring Flagstaff, then came a local hullabaloo about a visiting history professor calling the state Governor, former Pontiac car salesman Evan Mechan, an "ass"; yesterday the local basketball team, the Phoenix Suns, fired their head coach after 14 years service.

The big question that many Phoenicians want to know is: Why is everybody "beating up" on the President?

In recent weeks the switchboard at a local newspaper, The Arizona Republic, has received a stream of complaints about the amount of space devoted to the Irangate affair, even though that has been relatively small.

"People here don't like criticism of their leaders. They don't think it's right or proper," Mr Joe Cole, a financial columnist with the Republic said.

Phoenix voted solidly for Mr Ronald Reagan in 1980 and 1984. Including Scotsdale, the chic middle class suburb, Phoenix has been likened to Mr Reagan's political heartland in Orange County, California: conservative, church-going and fiercely patriotic.

Do people feel let down?

"I think the President was poorly advised," said a 23-year-old barmaid. "I don't believe he was given a lot of support."

A middle-aged shopkeeper with a neat crew-cut, agreed. "The President has received a lot of criticism but he will come through OK."

A senior banker said: "Americans are paying the price of electing a man who has little or no substance. They never listened carefully to what he was saying. They were seduced by his image."

At the presidential campaign headquarters of former Arizona state Governor Bruce Babbitt, there is muted celebration. Mr Reagan's plight may encourage yet more Democratic candidates to plunge into the 1988 race and so Mr Babbitt's supporters are apprehensive.

More interestingly, Mr Mike McCurry says the lessons of Mr Reagan's two successful campaigns in 1980 and 1984 are still relevant.

"Americans want a figure who appears strong and confident. They want to feel good and that was Ronald Reagan's great achievement."

EEC auditors assail butter sale

BY QUENTIN PEEL IN BRUSSELS

THE European Court of Auditors, the official watchdog of EEC spending, has challenged the legality of the huge financing deal all but approved by farm ministers to offload more than 1m tonnes of unwanted butter at a cost of Ecu 3.2bn (£2.3bn).

The warning, combined with doubts about the whole scheme being expressed in the European Parliament, could upset the plan just as it is about to be finalised to the consternation of the European Commission and the member states.

The Court of Auditors' negative opinion cannot legally block the arrangement, by which the member states would, in effect, lend the Ecu 3.2bn to the Community in order to reduce the butter mountain this year—and only be repaid in 1989-92.

However, the move could persuade more member states to vote against it, rather than simply approve it on the nod as originally intended at Monday's farm ministers' meeting.

Spain is already opposed to the scheme, and is likely to demand a further full debate, which may mean it has to be presented to a future finance ministers' meeting.

A Commission spokesman insisted yesterday that there were no plans to withdraw the proposal, which is regarded by officials as an ingenious, if extremely expensive, way of disposing of most of the unwanted butter mountain.

In the past week already, sales of 100,000 tonnes of butter at a knockdown price of Ecu 225 (£164) per tonne (compared with a cost paid by public intervention stores of Ecu 3,132 per tonne) have been approved in Brussels — all for the Soviet Union. The level of butter stocks — before the sales — was 1.34m tonnes.

The Court of Auditors' charge is that the financing deal amounts to a new reimbursable advance given by the member-states to Brussels, and offends against the budgetary rules requiring income and expenditure to balance every year.

It says it is not clear that the costs of disposing of the butter thanks to huge subsidies is any lower than the alternative of simply destroying the stocks. And it warns that there is no guarantee that the reform of the dairy sector — agreed in principle by farm ministers last December but still being finalised—will produce enough savings to finance repayment of the Ecu 3.2bn when it falls due.

The European Parliament, which was asked to give its opinion on the arrangement last week, failed to find a quorum to do so. That in part reflected a deliberate desire by some MEPs to delay it until they were convinced adequate dairy production cuts had been agreed to prevent any new accumulation of butter stocks.

The Council of Ministers can ignore both institutions — it is not legally required to consult them — but it could then face a challenge in the European Court of Justice

Vatican clashes with Italian state

BY ALAN FRIEDMAN IN MILAN

THE VATICAN yesterday said it would not tolerate interference by the Italian state when it commented for the first time on the warrant for the arrest of Archibishop Paul Marcinkus, the 65-year-old American-born chairman of the Vatican bank who is charged with being an accessory to the fraudulent bankruptcy which caused the 1982 collapse of Banco Ambrosiano.

The tone suggests that the Holy See is unlikely to hand the archbishop over

Quoting an article in the 1929 Lateran Pacts between Mussolini and the Church, the Vatican claimed the treaty would "exempt the institutions of the Catholic Church from interference by the Italian state."

The arrest warrants were issued by the Milan judges after four years of investigation into the Ambrosiano scandal. They say the archbishop and the Vatican bank had acted "continuously and systematically in concert" with the late Robert Calvi's Banko Ambrosiano.

The Vatican bank owned, directly and indirectly, 10 of the dummy companies to which Ambrosiano lent $1.3bn. The money was never recovered and the debt contributed to the collapse of the bank.

Italy's Ministry of Justice is exploring ways of seeking the extradition of Mgr Marcinkus, who can only be arrested if he set foot on Italian soil.

One Milan judge described the archbishop as "a fugitive from Italian justice, hiding inside the walls of the Holy See."

Rome coalition prepares for a peaceful death

By John Wyles in Rome

THE LIFE of the Italian Government headed by Mr Bettino Craxi, a Socialist, began to draw to a close yesterday more peaceably than had seemed likely a week ago.

Leaders of the other four coalition parties spent more than two hours discussing the impending crisis which will follow Mr Craxi's intended resignation next Tuesday. The prospect of his departure brought calm to a meeting which had promised to be very stormy last week when it seemed that the Prime Minister was intent on staying put and the Christian Democrats, the largest coalition party, on pushing him out.

Mr Craxi acknowledged in an opening declaration that his Government had been unravelling for some time. "The time has come for us to find a way out of the difficulty in which we have found ourselves for some months," he said.

He identified each of the other parties in turn as being partly responsible for the coming political crisis while putting the heaviest blame on the Christian Democrats. They were insisting on a false interpretation of an agreement made last summer which assumed that he was obliged to resign this spring and that he would be automatically succeeded by a Christian Democrat.

From this position, Mr Craxi intends to put a heavy price on Socialist support without which a government could not survive. He will seek policy concessions and a veto over the Christian Democrats' choice of prime minister as well as plum Cabinet jobs for the Socialist Party. The general expectation is that he will force a rupture in the negotiations which will lead to elections in June—a year ahead of the due constitutional date.

Peres, Egypt back Mideast peace conference

BY TONY WALKER IN CAIRO AND ANDREW WHITLEY IN JERUSALEM

Mr Peres (left) in dialogue with President Mubarak.

PRESIDENT Hosni Mubarak of Egypt and Mr Shimon Peres, Israel's Foreign Minister, have agreed on the need to stage an international Middle East peace conference this year, but there is little optimism in Cairo about such an event taking place.

Egyptian officials cite many obstacles in theway of an international conference, such as the disarray in the Arab world, deep divisions in Israel on the question, the estrangement between Jordan and the Palestine Liberation Organisation (PLO) and lack of solid American support for a gathering that would involve the Soviet Union.

Egypt saw the Peres visit, officials say, as an opportunity to encourage the peace faction in the Israeli Government. An Allied aim was to seek to assist Mr Peres electorally by indicating he was a figure acceptable to moderate Arab leaders.

But Mr Peres himself was seen to be speaking with only limited authority in his discussions with President Hosni Mubarak and Foreign Minister Esmat Abdel Meguid.

In Jerusalem Israelis are bracing themselves for showdown between Mr Peres and Prime Minister Yitzhak Shamir at tomorrow's scheduled Cabinet meeting, when the Foreign Minister will report back to the coalition Government on his controversial visit to Cairo.

Despite hesitations within his own party — notably from Mr Yitzhak Rabin, the powerful Defence Minister — about the wisdom of forcing a break-up of the 29-month coalition at this stage, Mr Peres appears determined to bring the long simmering dispute over a Middle East peace conference to a head.

Speaking at Ben Gurion Airport yesterday on his return from Cairo, Mr Peres said he had agreed with President Hosni Mubarak that all parties would have to approve of Palestinian participation at such a conference. Informal discussions over a list of suitable Palestinians are expected to begin shortly.

In a joint communiqué at the end of the Peres visit, the two sides said there was a "need to undertake necessary measures to expedite the peace process." They proposed an international conference this year "leading to direct negotiations between all the parties concerned base on UN Security Council resolutions 242 and 338." These imply recognition of Israel's right to exist within secure pre-1967 war borders.

Mr Peres and his Egyptian hosts discussed at length the vexed question of Palestinian represenation at an international conference. Israel opposes the participation of PLO representatives.

Egyptian officials indicated that discussions focused on names of acceptable Palestinians and also on the structure of such a gathering, but they emphasised that Egypt held firmly to its support of the PLO as the sole legitimate representative of the Palestinians.

Mr Peres, at an airport press conference before he left Egypt, described the PLO as a "terrorist organisation."

Seafood bonanza promised for Solomons

A letter from the Solomons

It was with some surprise that, returning from Guadalcanal in the Solomon Islands, I learnt Radio 4 had just broadcast a programme called Gold Rush in Melanesia. Honiara, the island's and the country's capital, was made out, my informant told me, to sound like San Francisco in 1849. My own impression of Honiara was that it fell ten miles short of San Francisco in 1848.

There is gold in the hills of Guadalcanal, but 20 kilometres north of Honiara there is a motherload which may be worth much more. The good news is the giant clam, and in particular *Tridacna gigas*.

Giant clams (*Tridacna gigas* is merely the largest of several species) have long been relished throughout Oceania and East Asia. The adductor muscle (which may be said to hold the shells of the bivalve together) especially is a sought-after delicacy in Taipei, Singapore and Hong Kong, where it can fetch anything up to $25 a kilo. The kidney apart, all the other flesh (and a 10-year giant may yield anything up to 200 kilos, of which the adductor forms 10-15 per cent) is edible.

There is also a range of biochemicals that can be extracted from them, of use in both medical and cosmetic preparations, and their shells, when not employed as ornaments, can be incorporated into building fabrics or ground into a calcium-rich supplementary animal food.

Stocks of giant clam have, however, been depleted in recent decades. Japanese and Taiwanese fishermen have scoured the sea-beds regardless of national fishing boundaries, and the dramatic growth of local Pacific population has also played its part. *Tridacna gigas* is now listed as an endangered [illegible]

Which [illegible] peculiar a way [illegible] almost [illegible]. Hermaphrodites all, healthy specimens can produce up to 500m eggs a day while spawning, and an unimaginable number of sperm. The snag is, though, when the eggs and the sperm find each other they nearly always get eaten. The adult clam is one of the least vulnerable creatures in the sea, but the juvenile clam's chances of survival are minute.

Unless, of course, they are domesticated. And this is precisely what Mr Graham Usher, project manager of the Coastal Aquacultural Centre on Guadacanal, with the backing of Iclam (the International Centre for Living Aquatic Resources Management), the Overseal Development Administration and other agencies, has set out to do.

On an eight-acre strip of coastal land, Usher is busy supervising the construction of tanks, laboratories, pumphouses and workers' accommodation. Within a year his giant clam nursery will be in full swing. Within three years—the time it takes a *Tridacna gigas* to reach marketable size — he hopes the economic viability of the scheme will be compellingly apparent.

Provided the spawning and nursery stages can be successfully accomplished, at 18 months the giant clam can be safely deposited on the reef. The marine farmer couldn't wish for a better-behaved product. The giant clam is phototropic, which means, with the aid of symbiotic dinoflagellates, or zooxanthellae (a kind of common algae), it survives and grows on sunlight reaching down through a metre or three of clear salt water. Once matured, it needs no care. As Mr Usher put it: "Think of the *Tridacna gigas* as a sort of green cow, animal and grass rolled into one."

Light eaters of the world rejoice! The technical problems of induced spawning have ben solved.

The idea is to furnish as many islanders as are willing with clam seedlings which can then be grown in their own back coral gardens. Within five years Mr Usher expects to generate an income of $250,000 for the Solomons. If a means can be found to take clam-meat into previously resistant Western markets, it could be much more than that.

By the year 2000 clam-sticks may be a regular item on the Hounslow housewife's shopping list, and by the year 2050 Guadalcanal 1987 may have replaced San Francisco 1849 as a byword for sudden wealth.

Justin Wintle

OVERSEAS NEWS

Second tunnel link planned for Hong Kong

BY DAVID DODWELL IN HONG KONG

A HK$4.4bn (£366m) debt and equity package was unveiled in Hong Kong yesterday for the construction of a road and rail tunnel linking Hong Kong Island with Kowloon.

The tunnel, the second linking Hong Kong Island to the mainland, will take 3½ years to complete, and will be one of the territory's biggest ever public service projects.

The consortium that will operate the road tunnel includes the Hong Kong Government, prominent mainland Chinese interests, and has mainland and Hong Kong banks leading in arranging loans amounting to HK$3.3bn.

The consortium, with a franchise to operate the tunnel that extends for 30 years, is seen as stating its confidence in the territory once sovereignty is transferred to Peking in 1997.

Provision has been made for the New Cross Harbour Tunnel Company — the consortium operating the road tunnel — to be publicly floated, with a listing on the Hong Kong stock exchange.

Yesterday the consortium committed itself to providing HK$1.1bn in equity funding for the project. Repayment will come from tolls imposed on tunnel users. Tolls on cars using the existing tunnel — which paid for itself within four years of starting operation —are HK$10, half of this going to the Government.

Of the HK$4.4bn to be raised, HK$2.8bn will be for the road tunnel, with HK$1.6bn being raised for the Eastern Harbour Crossing Company, controlled by Hong Kong's Mass Transit Railway Corporation (MTRC), which will have a 22-year franchise to operate the railway. This will link at both ends with arms of the MTRC's mass transit network.

Mr Piers Jacobs, Hong Kong's Financial Secretary, said the project would receive no government guarantees or financial backing, but said there was close government involvement in the project, both in the planning stages, and in the provision of land and operating franchises at no cost to the operators.

"The partnership between the Government and the private sector which has resulted in the construction of the new harbour crossing at no cost to the taxpayer is a prime example of what can be achieved through fre enterprise and initiative," Mr Jacobs said.

"It also represents a substantial vote of confidence on the part of the private sector in the future prosperity of Hong Kong," he added.

An more ambitious project—a HK$25bn proposal to build an airport in the west of Hong Kong—was also discussed.

Among the ten lead managers for the loans to the tunnel project are the Hong Kong branch of the Bank of China, Barclays Bank, the Hongkong and Shanghai Banking Corporation, Standard Chartered Bank, and the Hang Seng Bank.

Strauss protest in Vienna

BY PATRICK BLUM IN VIENNA

POLICE AND environmental demonstrators clashed outside Vienna's opera house on Thursday night to protest against the presence of Mr Franz Josef Strauss, the Bavarian Premier, at opera's prestigious annual ball.

Mr Strauss has angered Austrian environmentalists over his unbending support for building a nuclear reprocessing plant at Wackersdorf, near the Austrian border. The plant's planned construction has caused friction between the Austrian Government and the Bavarian authorities as well as being the target of numerous protests by Austrian environmentalists.

Baton-wielding police broke up the demonstration of some 500 "green" supporters. Forty demonstrators were arrested and several people injured, including 13 policemen. Mr Manfred Seb, a Green MP, accused the police of unprovoked and excessive brutality.

Bomb casts shadow over Afghan peace talks

By Robert Mauthner, Diplomatic Correspondent in Geneva

MR YAQUB KHAN, the Pakistani Foreign Minister, yesterday cast a shadow over the United Nations-sponsored indirect talks in Geneva between Pakistan and Afghanistan by accusing the Kabul regime of deliberately jeopardising prospects for a settlement of the Afghan conflict.

In a statement issued on the third day of the resumed talks which, it is hoped, will lead to an agreement on a timetable for the withdrawal of Soviet troops from Afghanistan, Mr Yaqub Khan said his government had taken "an extremely serious view" of the Afghan bombing raid on Thursday of two Pakistani villages near the Afghan border.

Afghan jets bombed a Pakistani border area for the second successive day today, killing 43 Afghan refugees and wounding many others, an Afghan guerrilla party, Hezb-i-Islami, said. Pakistani officials confirmed two camps were bombed but did not have casualty figures.

Describing the raid, in which 40 were reported killed and 200 injured, as "a barbarous and wanton attack on defenceless civilians," the Pakistani Foreign Minister said his government reserved the right to make a suitable riposte.

Meanwhile, there was no indication that the talks, at which Mr Diego Cordovez, the UN special envoy, is acting as a go-between, have been making any headway. Most of the optimism has come from the Afghan side, which has said that it wants to conclude a settlement soon and which is expected to table new proposals for a Soviet military withdrawal from Afghanistan.

Those proposals will have to be a radical improvement on the original four-year time-table put forward by Kabul if they are to satisfy the Pakistanis and their western supporters, in particular the US, which wants to see the 115,000 Soviet troops leave Afghanistan within a few months.

Ian Rodger looks at rationalisation in the steel industry

Contraction without tears in Japan

JAPANESE companies, in rationalisation as in expansion, behave differently from western companies, and often more effectively.

In the past few weeks, Japan's big five steel producers, Nippon Steel, Nippon Kokan, Kawasaki Steel, Sumitomo Metal and Kobe Steel, have all announced substantial retrenchment programmes, involving massive closures and tens of thousands of redundancies.

In spite of the dislocation these programmes will cause in many regions of the country, there have been no angry reactions from trade unions, no MPs demanding passionately that the government reverse the companies' decisions, no slump of the companies' shares on the stock market. Steel shares have, in fact, been among the star attractions in the stock market in the past year.

Japanese companies tend to build up a consensus and then act together, basing their action on the same premises. The Japanese steel companies all knew at least a year ago that they were in serious trouble. The rise of the yen and increasing trade friction with the US were bound to hit them badly.

Exports of steel and steel-intensive products, such as cars and ships, are declining, while imports have become more competitive. Thanks to the high yen, wage rates in Japan's steel industry are now seven times greater than those in Korea.

However, the companies did not want to act until the impact was clear for all to see. By last autumn, it was very clear. Output and exports were declining at about 8 to 9 per cent from previous year levels, and the big five suffered collective losses in the half-year to September of about Y185bn (£790m), excluding the proceeds of asset sales. All of them passed their interim dividends.

Almost immediately, the companies, led by Nippon Steel, started hinting at drastic action to come. In November, the announcements began to appear, with the last of them being issued this week.

● Nippon Steel, the world's largest steelmaker, said last week it would cut its capacity from 34m tonnes to 24m tonnes and reduce its 65,000 workforce by 19,000.

● Kawasaki Steel said it would cut its 26,000 workforce by 5,000 and suspend operation of its plate mill and one of its hot mills at Chiba works. It was also contemplating the total closure of the Chiba works, one of only two in the group.

● Sumitomo Metal said it would make 6,000 of its 27,000 jobs redundant, and cut capital spending from Y320bn to Y220bn between 1986 and 1989.

● Nippon Kokan said it planned to cut 7,000 jobs from its 30,000 workforce, of which 6,000 would come from the steel division and 1,000 from the shipbuilding division. Production of some products at the Keihin works, one of two steelmaking plants, would be suspended.

● Kobe Steel said it was reducing its 28,000 workforce by 6,000 but is seeking to avoid plant closures by shifting production of some of its machinery lines.

All of these plans are based on the assumption that the Japanese steel industry will be producing about 90m tonnes of steel in 1990, compared with about 96m tonnes last year, and that the exchange rate will be about Y150 to Y160 to the US dollar.

They are all designed to be carried out over a period of three or four years, with a view to returning the companies to stable profitability within that period.

Because of this common view and approach, it is difficult for anyone to argue that the companies are doing the wrong thing. When Nippon Steel's vice-president Akira Miki said last week: "We must carry out this streamlining or else there will be no Nippon Steel tomorrow" few could disagree.

That is one reason why trade union reaction has been muted. Union officials have tended to say that the redundancy plans are unfortunate for the workers and communities affected, but they are understandable.

Employees know also that they will not simply be thrown out on the street. The retrenchment programmes will be carried out over a long period, allowing for the maximum effect of retirements and other natural wastage. Nippon Steel said it expected to find internal jobs for 6,000 of the 19,000 employees affected by its plan. Kobe Steel said no one would be fired as a result of its plan.

The companies are busy diversifying into other businesses, partly with the hope of finding jobs for many of the others, partly with the aim of developing stronger earnings streams. Kawasaki Steel, for example, expects that 40 per cent of its business will be non steel by the year 2000, compared with about 20 per cent now.

In western Europe and the US, restructuring programmes were often delayed until the companies were too weak financially to carry them out without sudden and drastic cuts. The Japanese steel companies, by contrast, have huge reserves, mainly in the form of share of companies and banks acquired over the years as well as large property holdings.

One indication of their strength is that the big five are all considering floating Euroyen bonds in the next few months to reduce their borrowing costs. Few European or US steelmakers would be welcomed in any capital market these days.

In most west European countries, steel restructuring programmes have been hindered by political intervention. In Japan, that is most unlikely. For one thing, the companies are all in the private sector. For another, their need to restructure has arisen from the government's acceptance of the need to reduce Japan's dependence on exports of manufactured goods.

The only question that remains is whether the cuts will be enough. Many analysts expect that Japan's Steel output will have to fall much more than 6 per cent over the next four years, partly because of the foreseeable decline in demand from Japanese Steel consuming industries and partly because of the growth in steel imports, some of which are coming from captive sources.

The rapid rundown of shipbuilding plus the plans of the car makers to shift production to the US, for example, will continue to depress steel consumption in Japan. Last year's total of new ship orders amounted to only 5.5m tonnes, compared with a record 33.8m tonnes in 1973.

Meanwhile, the steel trade profile is changing rapidly. Steel exports dropped 8.9 per cent last year to 29.9m tonnes, while imports rose 117 per cent to 5.2m tonnes.

Some analysts talk of output declining to 70m or 80m tonnes in the early 1990s, which suggests that more rationalisation will be necessary within a few years. By then, the companies will probably have successfully diversified into other businesses and be able to absorb the contraction with even less fuss than now.

January current account surplus reaches record

BY CARLA RAPOPORT IN TOKYO

Japan's current account surplus reached a record for the month of $4.95bn, before seasonal adjustment, against the previous record of $1.9bn set in January last year. This will bring little cheer to its major trading partners.

Ministry of Finance officials were quick to point out yesterday that the surplus was well down on last December's monthly surplus record of $9.36bn. Still, exports are expected to slow at the start of the year.

Even so, Japan managed to push up exports by 16.1 per cent to $14.6bn, while imports fell 12.8 per cent to $8.9bn.

A sharp surge in auto exports to Europe was the main reason for the increase in the trade imbalance in January, government officials said.

Contrary to the trend of previous months, exports in volume terms rose by 1.1 per cent in January, while imports increased by 16 per cent.

Ministry officials expect that the declining trend of exports by volume will resume in February and worsen throughout the year.

The net outflow of capital from Japan was $12.5bn in January, down from $16.3bn in December. This was due largely to a fall-off in direct overseas investment in the month which dropped to $929m from a net outflow of $3.5bn in December.

The overall balance of payments, which covers both current and long-term capital accounts, was $7bn, unchanged from the December figure.

W German trade surplus falls

WEST GERMANY yesterday announced figures showing a sharp drop last month in its trade surplus with the rest of the world from record levels late last year, Reuter reports from Wiesbaden.

The Federal Statistics Office said the January surplus fell to DM 7.2bn (£2.5bn) from a record DM 11.6bn in December.

West Germany's export boom has been pinched in recent months by weakness of the dollar and appreciation of the D-mark in the foreign exchange.

Until now the trade surplus kept rising because cheaper oil and the weak dollar also depressed the value of imports.

In January, however, the value of exports fell 16 per cent from December. Imports fell by only 8 per cent in value.

The January trade surplus was only slightly higher than one of DM 7bn in January 1986.

For the whole of 1986, West Germany had a record trade surplus worth $62bn.

Yugoslav banks misappropriated $127m, says PM

YUGOSLAVIA'S Premier Branko Mikulic has revealed that his government had been unable last year to halt unauthorised operations by Yugoslav an equivalent of $127.5m, AP reports from Belgrade.

The state-run Tanjug News Agency quoted Mr Mikulic as telling parliament this week that such banks caused "huge material damage" to the country.

Mr Mikulic made the statement in a speech announcing a partial wage freeze and other measures to contain Yugoslavia's runaway inflation and help halt its economic decline.

According to Tanjug, he said 35 banks had been found to have misappropriated 33bn dinars (£47m) in credits earmarked for subsidising exports and for agricultural production.

Mr Mikulic did not say for what purpose the funds had been used by the banks, hinting government departments in charge had been slow and ineffective in taking action against offenders.

Two leading retailers plan to expand Far East trade

BY LISA WOOD

MARKS and Spencer and Sir Terence Conran's Storehouse Group, two leading retailers, yesterday separately announced plans for expansion in the Far East.

M and S is to open initially one or two small stores in Hong Kong where it has supplied merchandise to Dodwell Stores, a subsidiary of Inchcape, the international services and marketing group, for the past 20 years.

BhS, a subsidiary of the Storehouse Group, will now supply the six Dodwell stores.

Sir Terence Conran said yesterday that while the agreement would initially apply to the range of BhS products, both parties were committed to developments involving all Storehouse products.

He said, "As soon as this operation is established, we shall be looking together for further opportunities throughout the Pacific."

Storehouse's existing trading relationships in Singapore, Malaysia, Hong Kong and Japan, involving its Habitat and Mothercare subsidiaries, will not be affected by the arrangement.

The ending of the trading relationship between Inchcape Pacific, the Inchcape subsidiary responsible for the Dodwell stores, and M and S was described by both parties as amicable. The two companies have been talking for some time about how to develop Far Eastern markets and ultimately did not agree on the strategy.

Inchcape said BhS procured more of its merchandise from the Far East than M and S.

Under the new arrangement, Dodwell Stores would produce goods in the Far East to BhS standards and design but tailor them to Hong Kong needs, such as smaller sizes.

No timing has been given for M and S stores to open in Hong Kong. They are expected to be smaller than those in the UK and will sell products already exported to Dodwell stores.

These include underwear, lingerie, toiletries and cosmetics. The sale of foods is also being considered.

The overseas growth of M and S has been slow and sometimes troubled. It has eight stores on the continent, one in Dublin and 68 in Canada. In addition, it owns the D'Allaird and Peoples Stores in Canada. In December, M and S announced it was dipping its toe into the US market.

Four women's stores, operating under the D'Allaird name, will open in New York state this spring, with plans for stores under the M and S name in the same state within the next 18 months.

Restaurant drinks law reform

BY IVOR OWEN

A PRIVATE member's bill that will permit restaurants to serve alcohol with meals throughout the day passed all its stages without discussion in the Commons yesterday.

The Licensing (Restaurants Meals) Bill has already been approved by the House of Lords, where it was introduced by the Conservative backbench peer Viscount Montgomery of Alamein.

The bill, which in effect ends the afternoon break during which restaurants have not been permitted to serve alcoholic drinks with meals, will come into force two months after receiving Royal Assent. It is expected to become operative in May well before the spring bank holiday.

During an earlier debate on licensing reform and the problems of alcohol excess, Mr David Waddington, Home Office Minister, described the bill as a "very modest reform." He said it would end an anomaly which visitors to Britain, accustomed to having a drink at any time with meals in restaurants in their own countries, found puzzling.

Commenting on the case for wider reform, he contended that some modest relaxation in the present licensing hours would not lead to an increase in those who drank to excess.

He agreed with Mr Alf Dubs, a Labour home affairs spokesman, that it would be preferable for further reforms not to be introduced piecemeal.

Technology training incentives urged

BY IVOR OWEN

EXPANDED tax incentives to encourage training in information technology were urged by Mr Michael Marshall (Con, Arundel) in the Commons yesterday.

He suggested that costs incurred by both companies and individuals in providing and undertaking such training should be tax deductible.

Mr Marshall, a former junior Industry Minister, is chairman of the Parliamentary Information Technology Committee. He said more generous tax allowances would help bridge the "skills gap" and eventually mean jobs for many unemployed.

Dr Jeremy Bray, from the Labour front bench, blamed the lack of adequate training facilities for information technology on government failure to launch initiatives which only it could mount.

He said piecemeal development of direct broadcasting by satellite had not led to the pace of cohesive development which was originally expected.

Mr Michael Howard, Minister for Corporate and Consumer Affairs, rejected the charge. He cited widespread introduction of computers in schools as an example of government efforts to promote the widest possible use of information technology.

Air freight agents consider legal action

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LEGAL action for damages is being considered by some freight forwarders which claim to have lost considerable sums because of failures with the Travicom computer cargo handling system at Heathrow airport, London.

Smaller agents may accept a compensation offer from Travicom.

Freight agents and airlines met near Heathrow yesterday to discuss action as a result of the problems they claim were caused by breakdowns in the Travicom system.

Travicom is owned by British Airways with 82 per cent of the shares with British Caledonian holding the remainder.

It provides computerised passenger and cargo handling facilities for its owners, other airlines and for many freight agents.

Breakdowns with the cargo side of the system over recent weeks (the passenger side has worked well) caused cargo delays and, it is claimed, consequential losses for freight agents and shippers.

Recently, Travicom sent a letter to cargo agents and airlines, offering compensation and new contracts as a result of the difficulties with the system.

There was no agreement on how to deal with the matter at yesterday's meeting. The agents said to be in favour of taking legal action are expected to discuss this at another meeting next week.

● Air travel in the UK continued to rise in January, with the seven airports owned by BAA (formerly British Airports Authority) handling some 4.7m more passengers than the 3.7m last January.

Heathrow recorded a gain of 4 per cent to 2.3m, despite bad weather during the month which affected some domestic air traffic. Markets which recorded increases were Europe (up 5 per cent), North Atlantic (up 5.7 per cent) and the Far East (up 23 per cent).

Gatwick, London, continued its expansion with a gain of over 12 per cent to 976,000 passengers.

Porsche to take over British importer

By John Griffiths

PORSCHE, the West German producer of the sports car perhaps most coveted by the UK "yuppies," is to take full control of its British importer from March 30.

The takeover of Porsche Cars (GB) will mean the departure as managing director of Mr John Aldington, who first worked for Porsche part-time in 1954, and went on to control a 40 per cent stake in the highly profitable sports car franchise.

Ironically, he is cutting his direct ties with Stuttgart at a time when Porsche's UK fortunes have been severely hit by the appreciating D-Mark.

Sales are down by nearly 40 per cent this year compared with the same period of 1986—a year in which Porsche had record UK sales of 3,705 cars.

Its performance is now being affected sharply by a cumulative 21 per cent price increase last year as the D-Mark strengthened.

Mr Aldington last night rejected suggestions of a link with his decision to dispose of his job and holding.

"I have come to appreciate someone's remark that this life is not simply a rehearsal for the next," said Mr Aldington, who is 52. "I intend to reduce the pace of living imposed by being managing director and shareholder, and the extent to which it chained you to your desk."

He is also to sell his minority holding in AFN, Britain's oldest Porsche centre and the original Aldington family business. However, he will "remain active in the Porsche world" through a role, as yet undefined, in AFN.

The 60th anniversary of AFN (manufacturer of the historic Frazer Nash cars) is to be celebrated on March 15 at what remains of the Brooklands racing circuit in Surrey.

Mr Aldington voiced continuing optimism about Porsche's prospects in the UK.

"You have to expect something to happen when faced with a 20-30 per cent increase in the D-Mark. And it has already happened to us three or four times. Do not forget. I started in this business when the D-Mark stood at 11.76 to the pound." It now stands at 2.75.

He forecast that it would take the market about six months to adjust. "New business is not affected—it's the old customers you have to help adjust to the shock. . . ."

North Sea oil at highest value for a year

THE value of North Sea oil rose last month to its highest level for a year, economists at the Royal Bank of Scotland said yesterday. A combination of firmer oil prices and increased production put 25 per cent on to the value, with January's output worth £32m a day.

But uncertainty over world oil prices meant there was a "strong case" for the Government to stimulate development of new fields through a tax incentive for oil companies, the bank said.

To be effective, this would have to be "both significant and temporary." It could best be achieved by short-term relaxation of some provisions of petroleum revenue tax so some development costs could be offset against liabilities

The bank's monthly North Sea oil index shows that production rose from a level of 142.8 in December to 160.6 in January. The index is based on a figure of 100 for 1980—the year Britain achieved oil self-sufficiency.

Homeless 'threatened by reform of grants'

MORE THAN 130 voluntary groups could be disbanded as a result of the Government's Local Government Bill, the Association of London Authorities has warned.

Every organisation providing hostel accommodation for London's single homeless people could be affected, if the bill's proposal to end the £5.5m in grants given by London Councils goes ahead. Under the proposal, the Government would have to approve each grant.

Peter Riddell considers the lessons of the Greenwich by-election

Alliance triumph is not a trend

MRS ROSIE BARNES' victory for the SDP/Liberal Alliance in the Greenwich by-election was spectacular by any standards. It was the Alliance's best by-election performance of this parliament, and its first gain of a previously Labour seat for four years.

But the result was also exceptional in other respects. It does not represent the start of a national trend in Labour seats. It has not broken the mould of British politics.

The real significance of Greenwich is in affecting the morale of each party and the general political mood, as reflected in opinion polls. In those terms the outcome is dreadful for Labour, a clear triumph for the Alliance and poor, though ambiguous, for the Conservatives. It increases the uncertainty about the timing of the General Election.

The result reflects the curious chemistry of modern by-elections, with the intense media interest, frenetic activity by the parties and plethora of opinion polls.

At some stage momentum develops behind a candidate, producing a bandwagon. This drags in support from sympathisers of the party shown at third place in the polls, described by some observers as tactical voting.

At Greenwich the polls suggested more than a fortnight ago that the Tory would be in third place, and his vote duly fell.

Mrs Barnes, a 40-year-old mother of three, market researcher and new to politics with the SDP's formation in 1981, projects just the kind of classless image the Alliance always proclaims. Even her first name Rosie conveys just the right upbeat note.

By contrast, Labour's Ms Deirdre Wood undoubtedly suffered from unsavoury attacks on her personal life in the Sun and the News of the World.

But her problems were much deeper. The Alliance skilfully mounted a stop-Labour campaign to appeal to Tory supporters by presenting Ms Wood as the epitome of the hard left in London on issues like education, the police and attitudes toward Northern Ireland. And the Alliance also played the defence card over Labour's unilateralism.

The independent-minded (or perhaps maverick) Labour MP Mr Frank Field said yesterday that the result could not be dismissed as just a result of smears and tactical voting. He said it showed that what the candidate stood for was unacceptable to many people.

Rosie Barnes: projecting a classless image.

CHANGE IN PARTIES' SHARE OF THE VOTE AT BY-ELECTIONS SINCE 1983 (EXCLUDING NORTHERN IRELAND)

	Cons	Lab	All
Penrith	−12.8	− 5.9	+16.7
Chesterfield	−17.3	− 1.6	+15.3
Surrey SW	−10.4	− 1.5	+11.3
Stafford	−10.8	+ 3.7	+ 7.1
Cynon Valley	− 6.8	+ 2.8	− 0.7
Portsmouth S	−15.7	+ 3.9	−12.2
Enfield Southgate	− 8.5	− 6.0	−12.2
Brecon and Radnor	−20.5	+ 9.3	+11.3
Tyne Bridge	−14.1	+ 1.3	+11.4
Fulham	−11.3	+10.4	+ 0.4
Rydale	−17.9	− 1.9	+19.8
Derbyshire W	−16.3	+ 2.7	+12.4
Newcastle-u-Lyme	−17.3	− 1.2	+17.2
Knowsley N	−13.8	− 8.2	+19.8
Greenwich	−23.6	− 4.4	+27.9

Several other Labour members privately agree, but they cannot do anything about it, at least this side of the General Election.

Ms Wood, who actually fought a resilient campaign, was picked according to normal party processes. Several other hard left candidates are already in place in London, and cannot be shifted. The recrimination has started which in the short term produces fatalism rather than action.

Labour's problem is that increasing numbers of its own leaders and MPs do not believe the party can win the General Election, and have lowered their sights, principally to hoping that the Tories can be denied an overall majority. This pessimism, already evident before Greenwich, will now be redoubled.

Yet the Greenwich result is unlikely to be repeated except in a very few cases. By-elections do produce results out of line with national trends which are not repeated at general elections.

For example the Harris exit poll for ITN showed that a large number of Alliance voters on Thursday might switch back to their former party at a general election, redistributing the vote sufficiently to allow Labour to win back the seat.

Previous Alliance by-election triumphs have not produced irreversible upsurges. But with the General Election fast approaching the result will probably reinforce the rise in Alliance opinion poll ratings seen in the past month.

The outcome will help to raise not only activists' morale but also voters' awareness of the Alliance, creating a higher base for the start of the General Election campaign.

That is precisely the Tories' dilemma. While Conservative leaders yesterday were shrugging off the result as exceptional, they are worried about the boost to the Alliance, the main threat to them in southern England.

And it may also increase the understanding of tactical voting, mainly damaging the Tories, even if Labour suffered on Thursday.

There are two views about the implications for election timing. Some Tories argue that it is vital to counter any Alliance revival by holding an election as soon as possible, in May or June, especially when Labour is in disarray.

The counterview, held by senior party figures at Westminster, is that it is better to allow time for the Alliance bandwagon to slow, as it has in the past, and have an election in the autumn.

Conservative Central Office, like the other party headquarters, will have its contingency plans ready for an election at any time from May 7 onwards.

But Mrs Thatcher does not have to take a decision, on May, until early April, after her return from Moscow.

She will want to see both what happens at the Truro by-election in a fortnight's time (which should be a comfortable, though not spectacular, win for the Alliance) and in particular to assess the message of the opinion polls after the Budget on March 17.

The Greenwich result has made her choice on timing no easier.

Broker seeks out-of-court deal

BY CHRIS SHERWELL AND BRUCE JACQUES IN SNDNEY

ALEXANDERS Laing and Cruickshank, the UK broking firm owned by Mercantile House, faces a payment of up to A$800,000 (£350,000) if a Melbourne judge accepts an out-of-court settlement of an Australian corporate takeover controversy.

The proposed deal, revealed yesterday, would involve a tacit admission from Alexanders over controversial accusations made against it by the National Companies and Securities Commission, the Australian Government's share market watchdog.

The NCSC had declared an Alexanders share purchase "unacceptable" and had sought a court order vesting the shares in itself for disposal through the market.

The case—centreing on a contested takeover bid—was to come to court on Monday after almost a month of mostly procedural hearings. But as a result of negotiations between the two rival suitors a settlement will now be put before the judge for his agreement.

The prospective settlement would end a protracted tussle for control of Humes, a quoted Melbourne building materials manufacturer, in favour of the Smorgon family, which runs a private steel and packaging business.

It would also end litigation between Smorgon and its competitor, Unity-APA, an investment group headed by Mr Garry Carter, the Sydney-based entrepreneur who launched an all-paper bid for Humes last July.

The NCSC stepped in last December after Alexanders purchased 13.9m Humes shares in a single day, driving up the price and effectively undermining a rescue of Humes

The rescue plan took the form of a reverse takeover by Smorgon, which had appeared as a "white knight." Alexanders' purchases, made on December 2 through May Mellor Laing and Cruickshank, its Melbourne associate, cost about A$58m.

Under the latest deal Unity-APA would sell its stake in Humes to Smorgon and the two would discontinue their litigation against each other.

Newspaper cleared in circulation war

BY RAYMOND SNODDY

THE OFFICE of Fair Trading (OFT) has cleared the London Evening Standard of uncompetitive practices in the London evening newspaper circulation war.

Sir Gordon Borrie, director general of the OFT, has written to solicitors acting for Mr Robert Maxwell, publisher of the London Daily News, saying that the OFT is not launching a formal investigation under the Competition Act.

Sir Gordon notes that the Evening Standard has exclusive distribution deals with some newspaper vendors but adds that there is nothing to stop Mr Maxwell doing the same, so long as no obstructions are caused in the streets.

The competition between London's three newspapers increased yesterday when the Evening News, revived on Tuesday as a 24-page paper, increased its pagination to 32 pages. Associated Newspapers, the publisher, says more than 100,000 copies of the one-edition newspaper were printed yesterday.

Planners urge local government reform

BY OUR CONSTRUCTION CORRESPONDENT

THE Royal Town Planning Institute is calling for a radical reform of local government in Britain, with the creation of 11 elected regional authorities in England and Wales to replace the existing 54 county councils.

The regional authorities would be concerned with local economic development and strategic planning, housing, transport, environment and community services.

Together with more effective central Government planning, stronger regional planning powers, are essential when major national investments such as the Channel Tunnel and third London airport are being considered, says the Institute.

The proposals are in a report commissioned by the Institute to examine the effectiveness of regional planning and was prepared under the chairmanship of Mr Urlan Wannop, of Strathclyde University.

Strategic Planning for Regional Potential." RTPI, 26 Portland Place, London W1N 4BE, £5 including postage and packing.

Today poster banned

By Feona McEwan

THE Advertising Authority has banned a nationwide advertisement for Today newspaper after people complained about a poster featuring three political leaders with their necks in nooses.

This is the first time the authority, the industry watchdog, has asked anyone to obliterate a poster because it contravened the industry's code, though withdrawal of press advertisements is not unknown.

The poster, which shows Mrs Margaret Thatcher, Mr Neil Kinnock and Mr David Owen as if they have been lynched, carries the line "Would Britain be better off with a hung parliament?"

Following its appearance on billboards at the weekend, the authority was swamped with complaints on grounds of taste and decency. On Monday 123 callers rang in, and Tuesday 78 with more following. The usual level of complaint is about four or five.

Such was the weight of objection that Lord MacGregor, the authority's chairman, exercised his executive powers to respond immediately with the ban.

Two other posters in the hard-hitting campaign, from the agency Yellowhammer, are unaffected by the ban.

Most complaints arose from people who said that being a poster, unlike other media, it was impossible to ignore.

Optimism over shipbuilding

BRITAIN'S merchant shipbuilding industry is holding its own although orders are down worldwide, Mr Maurice Phelps, the state-owned industry's acting chief, said yesterday.

The priority was to find orders for the Govan yard on the Clyde, which runs out of work with the delivery of a ferry next month.

Consortium plans £100m housing scheme

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

A CONSORTIUM of housing associations and developers including Lesser an Croudace has put forward a £100m proposal to build 1,400 homes on the 40-acre Bricklayers Arms disused railway site off the Old Kent Road in the London borough of Southward.

The scheme is to be backed by either the Nationwide or the Abbey National Building Society, and was initiated by the architects Pollard Thomas and Edwards.

The plan is to provide a mixture of 40 per cent of the homes for sale and 60 per cent available either at a low rent or on shared ownership schemes by which the occupiers partly rent and partly buy their homes.

The proposal is described by the consortium—which will be known as the Bricklayers Arms Trust—as one of the largest community housing projects ever planned.

"It is an enormous scheme for the London area," said Mr Michael Smith, director of consortium member London and Quadrant Housing Trust.

"It rivals the major local authority schemes of the past in size, and no local authority is undertaking housing projects of anything like this scale now."

The consortium hopes that its bid—which includes an offer of between £20 mand £25m for the land—will be favourably considered by British Rail.

The mix of housing makes it more likely to get planning permission from a local authority which wants to see more homes for rent than a builders' scheme offering just homes for sale, say the developers.

"There is a huge demand for rented housing in London and this makes us very optimistic about our proposal," said Mr Smith.

The site is expected to be the subject of fierce bidding and competition from housebuilders.

British Rail is expected to announce the successful bidder for the site by the end of March.

● A system of equitable rents for homes based on a combination of the capital value of the property and the speed of property price changes in an area has been proposed by the Institute of Rent Officers as a way of increasing the supply of homes to rent.

The institute has put forward the proposal in a report issued in response to the Duke of Edinburgh's inquiry into British housing.

"A system of equitable rents based on the concept of rent fixing by reference to capital values but with regard being paid to variable equity growth would ensure a relatively stable progression of rental income consistent with the underlying trend of national economic activity," it says.

This would help ensure both a fair return for landlords and reasonable rents for tenants, it adds.

Equitable Rents from the Hon. Secretary, M. R. Webber, Musgrave House, Musgrave Row, Exeter, Devon, EX4 3TW. £5.75p.

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More assets 'held off the balance sheet'

BY FIONA THOMPSON

OFF-BALANCE-SHEET financing—having assets which do not appear on a balance sheet—is becoming increasingly common, the Institute of Chartered Accountants in England and Wales said yesterday in its annual survey of UK financial reporting practice.

Billions of pounds are being invested in such schemes, creating a financial maze in which the users of published accounts —including the providers of capital—may have little chance of assessing a company's true position.

The growth of the schemes has meant that the guidelines for accounting and auditing, traditionally the domain of the accountant, have passed to the legal profession.

Lawyers now determine what accountants and auditors will do, how accounts are to be prepared and what is disclosed to reflect off-balance-sheet transactions, the survey says.

"The pressure from the competitive banking market to create new forms of lending is intense and off-balance-sheet schemes are most attractive to commercial customers. In this environment the auditor who attempted to insist on making the accounts reflect the underlying substance of the transactions became a lonely figure."

Introducing the survey, Mr Chris Swinson, chairman of the editorial board, said: "The problem with off-balance-sheet financing is that if someone is really successful at it, you can not see it. It is quite a worrying area for accountants and must be dealt with firmly so the usefulness of accounts is maintained."

In response to the development, the Accounting Standards Committee, which sets accounting standards for the UK, is reviewing the basic standard on which accounts are prepared.

It is expected to bring out a draft standard for discussion soon, which would require all underlying interest in transactions to be disclosed or reflected in the accounts.

"But it is the lawyer's position that now prevails in practice," the survey says, "and will continue to do so until either the accounting profession regains control of its own territory or a series of financial disasters exposes our deficiencies and perhaps imposes unwelcome regulation over us."

Financial Reporting 1986-87 —A Survey of UK Published Accounts, price £36. Publication code number 2987. Available from Chartac Books, The Institute of Chartered Accountants in England and Wales, Gloucester House, 399 Silbury Boulevard, Witan Gate East, Central Milton Keynes, MK9 2HL.

Expenditure on electronics R and D drops 10%

BY DAVID FISHLOCK, SCIENCE EDITOR

RESEARCH AND development expenditure in Britain's electronics industry dropped by 10 per cent between 1983 and 1985, according to the Government's latest annual survey of R and D spending by companies.

Electronics is regarded as one of Britain's front-line technologies, and electronics R and D accounted for about a quarter of total spending of £4.8bn on R and D in British industry in 1985.

Some of the shortfall may be made up by increased R and D spending by the British chemicals industry, which rose by 23 per cent between 1983 and 1985.

Big British chemicals groups such as ICI and BP have shown considerable interest in the international electronics market, and have invested in research-based electronics subsidiaries.

Provisional figures — to be confirmed by the Government in the summer — show an increase in total British R and D spending in industry from £4.2bn in 1983 to £4.8bn in 1985, up 16 per cent.

When adjusted for inflation and rising research costs, the increase falls to 5 per cent.

It is 1 per cent less, at constant prices, then expenditure in 1981, according to the latest issue of British Business.

Mechanical engineering R and D rose by 40 per cent between 1983 and 1985, but it still accounts for only one quarter of investment in electronics R and D.

Total employment in industrial R and D fell from 186,000 in 1983 to 157,000 in 1985. The decline was greater for support staff than for qualified scientists and engineers.

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mat Credit Corp. Ltd	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm Bk N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bnk	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
Cl. Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03% Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Andrew Taylor and Philip Coggan report on ground-sharing schemes at London football clubs

Commercial reality a tough opponent for soccer

A 40-YEAR-OLD former rugby-playing property developer has thrown England's professional soccer clubs into turmoil.

Mr David Bulstrode, chairman of Marler Estates, announced this week that Fulham, one of the Football League's oldest clubs, is to merge with Queen's Park Rangers, its west London neighbour.

Marler will pay almost £6m to buy QPR. It plans to redevelop Fulham's Craven Cottage ground—which it already owns—as luxury homes.

But Mr Bulstrode, a former executive of the failed Slater Walker investment group of the mid 1970s, denies he is an old-style asset stripper.

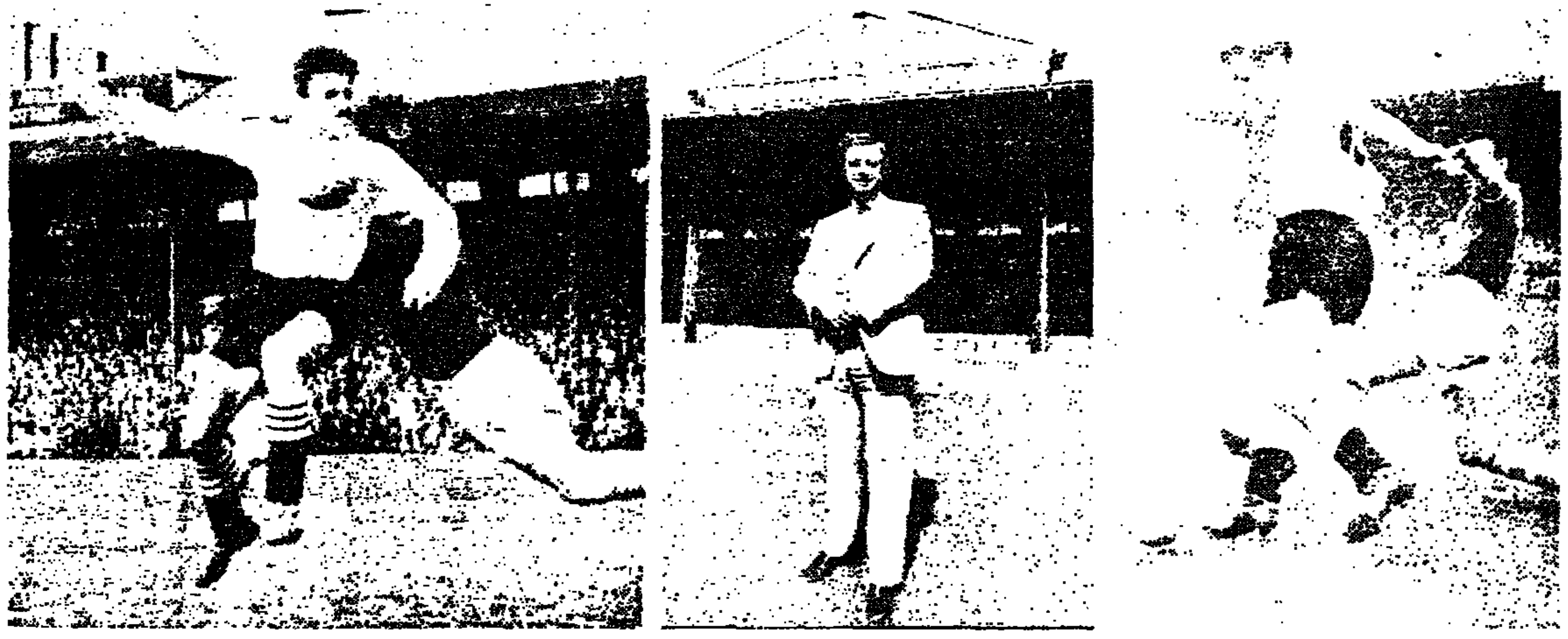
"As far as soccer in west London is concerned, there are too many products chasing too few customers. The implications are the same for football as for any business," he says.

Fulham has seen its lowest gates this season and is expected to lose £400,000 this year. Losses in the past four seasons topped £1m in spite of the sale of top players. Marler intends to create a super-club at QPR with the financial muscle and facilities to compete with such top teams as Liverpool, Everton, Tottenham and Manchester United.

The move has evoked comparisons with US businessmen in search of better financial deals who have moved American football and baseball teams thousands of miles to other cities.

Nobody expects Liverpool to move to London in the way that the Brooklyn Dodgers baseball team moved from New York to Los Angeles in the 1950s. None the less, an increasing number of English soccer clubs, hard-pressed financially and unable to meet the wage demands of top players, are considering mergers or ground sharing schemes.

Two other London clubs, Crystal Palace and Charlton, already share the same ground.



The money men of football (from left): Jimmy Hill, wage negotiator; David Bulstrode, property developer; and Johnny Haynes, the first £100 a week player

Last week, Wimbledon announced it was discussing a possible merger with Palace.

The substantial rise in land values in west London has created some of the biggest opportunities for property companies such as Marler.

The company acquired Fulham last year in a deal worth £9m. If Marler gets planning permission, it will recoup its investment several times over. Flats in this part of west London can command prices of about £250,000.

Marler also owns the freehold of Chelsea's Stamford Bridge stadium about a mile from Fulham's Craven Cottage ground.

It has planning permission to build luxury flats and homes when Chelsea's lease runs out in 1989.

The five-bedroomed homes featured in the plans would currently fetch about £500,000 each, says Mr Bulstrode.

The Marler chairman, who started his career as a Lloyd's Bank clerk and was twice capped at rugby by Jersey, says buying Stamford Bridge was purely a property deal.

"It is a straightforward landlord-tenant relationship. Chelsea has an option to purchase the freehold if it can raise the finance. If it cannot, we intend to redevelop the site.

"The Fulham purchase was different. We had intended to try and run the club as a going concern for at least two or three seasons. The possibility of merging with QPR only arose recently and the opportunity was too good to miss. If we had not done it some other club would have."

Mr Bulstrode has enraged fans and local MPs by apparently breaking a promise to keep football at Craven Cottage for several seasons. They claim he made the commitment in a letter to a local paper last November. In their view, Marler always intended to develop Craven Cottage.

Marler's share price rose £1.62½p the day following the merger. Mr Bulstrode says a group of offshore investors had sold a key 42 per cent stake in the company several weeks earlier. He argues he would hardly have allowed them, as his clients, to sell if he had been plotting to close and redevelop the Fulham ground.

The placing was done for Blade Investments, the same group of offshore investors which brought Mr Bulstrode into Marler when he was working for Lazard, the merchant bank, in 1978.

He became chairman following the deal and holds less than 5 per cent of the company.

Football grounds are not Marler's only development project. The biggest is a £60m retail and office scheme at Wembley Plaza, north London.

Mr Bulstrode is determined to bring to soccer similar financial principles to those he adopts in his property developments.

"Too many businessmen who have bought clubs run them as a hobby and not as a business. Too often, success is measured by league points and not by the income the club generates. Fulham and Chelsea were already in dire straits before we became involved."

Ironically, it was Fulham, a small club which have never won any major honours, which played a key role in initiating football's recent financial problems.

In the early 'sixties, Jimmy Hill, then a Fulham player, negotiated the abolition of the maximum wage for players. Shortly afterwards, Johnny Haynes, the Craven Cottage midfield maestro, became the first £100-a-week player.

Soccer salaries have been on an upward spiral ever since —Bryan Robson, the Manchester United and England player, is now paid over £1,000 a week.

The Football League meets tomorrow to discuss the merger, but if it threatens trouble, all Mr Bulstrode need do is close Fulham completely.

It seems the club graced by such names as Bobby Moore and George Best not so long ago will have been defeated by its toughest ever opponent—commercial reality.

BT plans European digital link

By David Thomas

BRITISH Telecom's mobile communications division is starting work on the British end of a pan-European digital system.

BT expects the service to be launched in 1991 and will spend £6m on its development.

BT is also looking for a UK manufacturing company to collaborate in testing and setting up the system.

The European telecommunications authorities began to agree standards for a pan-European digital system, which would allow mobile communications across Europe for the first time, at a meeting in Maderia last week.

The system would help deal with capacity problems in the first analogue systems.

These are expected to emerge in the early 1990s because of incompatible standards between countries.

Mr John Carrington, chief executive of BT mobile communications, said of the Madeira meeting: "It strips away the key hurdle to going forward to develop the European system."

BT intends to test the digital system in two phases. A prototype will be tested in central London until about 1989; then the system will be tested more extensively up to 1991, before its introduction.

Mr Carrington said he hoped BT would be able to co-operate in setting up the system with one of the UK manufacturing companies interested in making equipment for it.

He added he was confident a digital service could start in London in 1991, soon spreading that to the rest of the country and offering international calls from the start.

BT said one reason it could develop the digital system was that it now had adequate capacity to meet future demands on its present analogue service.

Cadbury fails in trademark case

AN ATTEMPT by Cadbury, the chocolate maker, to stop sales of a rival West German "flake" bar on British ice-cream cornets this summer crumbled in the High Court in London yesterday.

Cadbury had begun a High Court trademark infringement and passing-off action against Ulmer, a West German Manufacturer.

But Cadbury's hopes melted when Mr Justice Falconer ruled that it had no case. Ulmer was granted an order dismissing Cadbury's action with costs. Cadbury was given leave to appeal.

Institutions 'too dependent on takeovers'

BY ERIC SHORT

INSTITUTIONAL shareholders were accused by Mr David Walker, executive director of the Bank of England, yesterday of inertia in their attitude towards companies in which they hold stakes.

He told delegates at the annual investment conference at Eastbourne of the National Association of Pension Funds that too often investment managers relied on take-overs to solve the problem of underperforming companies instead of taking steps to secure improvements from the boards and management.

Mr Walker agreed that mergers and acquisitions played a significant role in the working of the market mechanism. He felt, though, that the market was too dependent on them for getting improvements in performances especially where a contested take-over could push the share price up by as much as half.

He believed it was a sorry indictment of the market if mergers and acquisitions were regarded as the only solution, however. He argued that it was not a logical proposition that a failure in management necessarily required a change of ownership.

Mr Walker referred to the initiatives being taken to get institutions to take a closer interest in companies and hoped that the Task Force set up under the president of the Confederation of British Industry would help to achieve something of a breakthrough in that respect.

In contrast, he urged fund managers to use their bargaining power judiciously in the marketplace that had arisen after deregulation.

Fund managers were benefiting greatly from the unprecedentedly keen competition among market-makers, especially from lower commissions. But delegates should consider the future structure of the market as well as minimising current dealing and investment costs.

A future market with a significantly reduced number of market-makers would be far less accommodating for most investors.

In particular, Mr Walker was uneasy that cost pressures would cause market-makers to cut research. The development of new, more efficient and liquid markets called for more rather than less high-quality research.

David Walker: sorry indictment of the market

Mr Walker hoped to see more free-standing research capability within companies, which would be separately remunerated.

Finally, he felt that a fresh examination was needed of the responsibilities of trustees of pension schemes and their role in the formation of pension investment strategies. That task, he considered, could well be undertaken under the auspices of the NAPF.

Hodgson Impey takes partner

FROM February 2, Hodgson Impey, the national firm of chartered accountants, has taken into partnership at its Edinburgh office Mr Angus W. B. Davidson, also of Edinburgh.

Mr Davidson continues to operate from his original office at 50 Corstorphine Road under the name of Hodgson Impey Davidson.

BR fund to auction Old Master prints

By Antony Thorncroft

THE BRITISH Rail Pension Fund is to sell 100 Old Master prints from its work of art portfolio. They will be auctioned at Sotheby's on June 29 and should bring in around £1.5m.

The decision by the fund to diversify into works of art in the mid-1970s caused a considerable stir. In 1980, when art accounted for about £40m of its total portfolio of £5.5bn, the investment ceased.

In all, the fund owns 2,000 items, including Old Masters and Impressionist paintings, drawings and prints and Chinese ceramics. Most are on loan to museums and galleries.

One reason for disposing of the Old Master prints is that they canont be put on public display: they are too delicate. Another is that Mr Maurice Stonefrost, the new chief executive of the fund, is reassessing its investments.

The market for Old Master prints is quite strong, making them an ideal sector to test the long-term viability of investing in works of art. The fund has sold items in the past but never on this scale or so publicly.

Sotheby's acted as advisers to the penion fund and sold it some of the prints. On offer on June 29 is a Rembrandt, St Jerome in an Italian Landscape, which cost £36,400 in 1976 and is now estimated to be worth between £100,000 and £120,000.

A Durer print, The Virgin and Child with the Monkey, now carries an estimated £20,000 to £30,000 price-tag as against the £7,400 the fund paid for it in 1976.

On the surface such appreciations in value do not seem excessive, given that the fund has enjoyed no dividends from its purchases. But such prints are rare and have international appeal. The prices in the saleroom on June 29 could far exceed the estimates.

The fund will delay any decision on disposing of other works of art until after the auction.

Philip Stephens looks at Mr Lawson's Budget prospects

Fortune smiles on the Chancellor

IF THE National Institute for Economic and Social Research can put a smile on its face over the economic outlook, Mr Nigel Lawson, the Chancellor, must be positively beaming.

The institute, traditionally among the gloomier of the independent forecasters, this week fell into line with the emerging consensus that Britain faces a period of strengthening economic growth in the run-up to the election.

Its projections came as City economists were busy revising upwards their estimates of the likely scope for tax cuts or reductions in borrowing that Mr Lawson will have in his March 17 Budget. Forecasts of a £4bn "fiscal adjustment" are now at the low end of the range.

The latest institute review did repeat its long-standing concerns about the medium-term outlook for Britain's trade position and for inflation. It acknowledges, however, that the warning signals in the run-up to the election may be more muted than previously anticipated.

The Budget forecasts now being prepared in the Treasury will be less equivocal. Mr Lawson is expected to predict overall growth of 3 per cent or slightly more this year, with non-oil output rising by perhaps 3.5 per cent. The slogan is "the seventh year of steady growth."

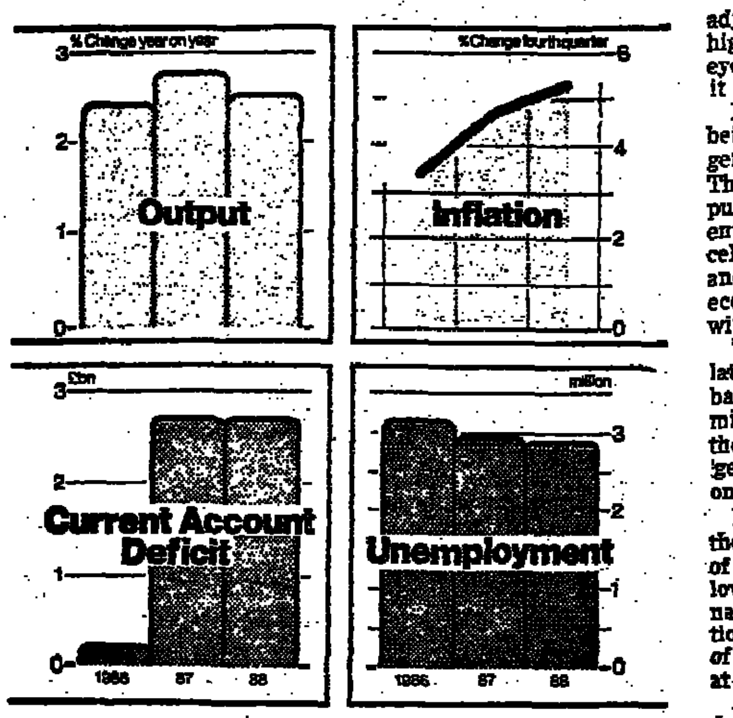
Consumer spending will receive an added boost from the now inevitable Budget tax cuts. And since the Chancellor's last set of forecasts at the time of November's Autumn Statement, the prospects for exports and investment may also have improved.

Discounting yesterday's erratic figures, there is growing confidence in Whitehall that the strong upturn in exports at the end of last year will continue into 1987.

Treasury officials believe that the recent accord among the leading industrialised countries has further improved the outlook. If Japan and West Germany carry out their promises to stimulate their economies, that will feed through to stronger world trade.

The Chancellor has made it clear that he is unwilling to allow last year's sterling devaluation to be reversed, thus ensuring that the competitive gains for British industry are maintained.

That in turn signals an early cut in interest rates if the Budget is well received on financial markets, leading to lower mortgage rates and reduced pressure on the retail price index.



Mr Lawson will probably have to acknowledge that inflation will edge higher than projected in his last forecasts, but like previous upturns over the past few years it will be characterised as a "temporary blip." The consensus is that by the end of the year the inflation rate will still be slow 5 per cent.

The short-term picture is not without other blemishes. With imports still rising faster than exports, Britain can expect another record visible trade deficit. And as Mr John Smith, Labour's shadow trade and industry secretary, pointed out this week, investment and output in manufacturing industry is still below 1979 levels.

At the same time, yesterday's figures suggest that the cushion provided by earnings on Britain's overseas assets is not as buoyant as was widely assumed.

It is nevertheless difficult to escape the conclusion that as far as the economic cycle is concerned the Government could not choose a better year to go to the polls.

Despite Mr Lawson's dogged attempts to enforce the most stringent pre-Budget purdah in living memory, Mr Margaret Thatcher—who never forgets her position as First Lord of the Treasury—has been busy outlining its general thrust in a series of interviews and speeches.

Treasury officials have also found it difficult to downplay the Chancellor's good fortune.

At this time last year Mr Lawson's press secretary was engaged in a vigorous campaign to persuade journalists that there was no room for tax-cuts in the Budget. The 1p reduction in the basic rate thus came as a pleasant surprise.

This time round the stories in the press that Mr Lawson will have £4bn or so to split between tax cuts and lower borrowing have not raised a mumur. The conclusion being drawn by some Whitehall insiders is that the "fiscal adjustment" will be even higher. Officials are not raising eyebrows at the suggestion that it could be as much as £5bn.

If that turns out to be so, being both prudent and generous will not be difficult. The £2bn reduction in the public borrowing target apparently being urged on the Chancellor by the Bank of England and some of the Treasury's top economists could be combined with tax cuts worth £3bn.

The latter could be translated into a 2p reduction in the basic rate to 27p and a determined effort to steal some of the opposition's clothes by targeting additional concessions on the lower paid.

Increases in thresholds above those needed to take account of inflation, a widening of the lower rate band for employees' national insurance contributions and even the introduction of a new lower rate tax band at 20p must all be possibilities.

A decision to freeze the duties on petrol, beer, wine and spirits would do nothing to harm the Government's electoral chances, while it would also dampen pressure on prices.

The more cynical in Whitehall suggest that the Budget might also be the moment to again raise the ceiling on planned public spending. Mr Lawson increased the total for 1987-88 by £5bn in his Autumn Statement, but might be persuaded to find even more in order, for example, to raise benefits for pensioners.

At the other end of the scale, Mrs Thatcher has indicated that she wants to bring down the top rates of tax, apparently to head off a renewed "brain drain" to the US. That is certainly on the agenda for a third Conservative term. Whether Mr Lawson will judge it politically prudent on March 17 is more difficult to gauge.

What is certain is that the Chancellor will have more scope than at any time since 1979 to implement his strategy—and that there will be one big surprise.

Metals trader faces winding-up order

By Raymond Hughes, Law Courts Correspondent

THE High Court is to be asked to wind up ACLI Metals (London), a former London Metal Exchange trader recently held by a judge to have been involved in a fraud against a Swiss metals company.

ACLI Metals (London)—AML—is part of the group headed by Donaldson Lufkin and Jenrette, the Wall Street securities firm.

The prospect of a winding-up move by Metall Und Rohstoff, of Zug, Switzerland, based on the £50.48m judgment it obtained against AML on February 10, prompted an unsuccessful attempt by AML yesterday to get a stay of the judgment pending a possible appeal.

Mr Anthony Grabiner, QC, for AML, told the Court of Appeal that if no stay were granted Metall would obtain a compulsory winding-up order, and the decision on an appeal would be taken by a liquidator, rather than AML's management.

Lord Justice Parker commented that it was possible AML and those behind it thought they could buy a great deal of time if there were a stay and an appeal, which they knew had no chance of succeeding.

Mr Grabiner did not accept that that was so, but agreed it was a possible interpretation of the facts.

Lord Justice Parker said there was no warrant for granting a stay and dismissed AML's application with costs.

On February 10, Mr Justice Hobbouse said that AML had had "guilty knowledge" of a fraud against Metall by Mr Rainer Glaser, the head of Metall's aluminium department; that AML employees had assisted in the fraud; and that the president and two vice presidents of AML's New York parent, ACLI International, had known what was going on.

He awarded Metall £36.43m damages in respect of a contractual debt and of metal held as security by AML, and £14.05m interest.

In addition to its winding-up petition against AML, Metall plans legal action in London against Donaldson Lufkin and Jenrette and ACLI International.

Free training for Honda bike buyers

BY JOHN GRIFFITHS

HONDA (UK) and its 500 dealers are to offer free training to all buyers of motorcycles under 125cc.

The training, at 600 centres operated by the National Motorcycle Training Scheme and the British Motorcyclists Federation, would have a total annual retail value of £250,000, Honda said.

The cost will be shared by the dealers and Honda, which is UK market leader, with a share of nearly 40 per cent.

The offer, to bike owners in the learner capacities, is a safety measure. Honda hopes it will also stop the drop in motorcycle sales which started in 1980, and which is due partly to the poor safety image.

APPOINTMENTS

Girobank head of lending services

GIROBANK has appointed Mr **Douglas Martin** as head of corporate accounts and lending services. This is a new, London-based post controlling all aspects of corporate lending. He was at National Westminster Bank's staff training college.

★

Mr **John Bellamy**, deputy general manager of NATIONAL WESTMINSTER BANK'S related banking services division since 1983, has been appointed to the new post of director of group compliance with overall responsibility for ensuring effective compliance procedures involving investor protection throughout NatWest.

★

NEEPSEND has appointed Mr **Derek Edward Philpot** as finance director and company secretary. He was finance director of London & Midland Industrials. Mr Philpot succeeds Mr Denis Ward who is retiring from full-time executive duties, but remains a director.

★

Mr **Kenneth Bacon** has become chairman of STC DEFENCE SYSTEMS. Mr Peter Gershon succeeds him as managing director of STC Telecommunications. Mr Bacon remains chairman of STC Telecommunications until the handover is complete. Mr Gershon was managing director of ICL Network Systems.

★

Mr **Bernard Fisher**, managing director of WILTSHIRE NEWSPAPERS, Swindon division of Westminster Press, retires at the end of March, by his own request. He will stay with the company as a consultant. His successor is Mr George Higgs, formerly managing director of WP's Uxbridge division, Middlesex County Press, which was sold last October.

★

Mr **Barry Stanton** has been appointed head of administration at SENTINEL LIFE. He joins from Regency Life where he was general manager (administration).

★

Sir **John Harvey-Jones**, retiring chairman of ICI, has joined the board of THE ECONOMIST NEWSPAPER.

★

Mr **Terry Pottinger** has been appointed managing director of a new company, Moorgate Conferences & Incentives, formed by THE MOORGATE GROUP. Ms Jenny Yamamoto is appointed associate director.

★

Mr **J. A. G. Wilson** has resigned as a director of EXCO INTERNATIONAL but remains chief executive of London Forfaiting Co. Mr H. C. Johns has resigned as secretary of Exco but remains a non-executive director. Mr E. C. Pank has been appointed secretary of Exco.

★

Mr **Brian Boswell** has been promoted to group chief accountant and treasurer of RENTOKIL GROUP.

★

THE STANDARD LIFE ASSURANCE CO has made the following appointments at head office in Edinburgh: Mr Sandy Skinner to assistant general manager (pensions administration); Mr David Fotheringham senior administration manager; Mr Bill Rogerson investment administration manager; Mr Andrew Clark assistant property investment accountant; and Mr C. W. Anderson assistant mortgage manager; Mr Alan Maxwell assistant marketing manager.

★

Mr **Charles 'Mac' McCarthy**, managing director of McCain Foods (GB), has been made a director of the parent company McCAIN FOODS, of New Brunswick, Canada.

★

Mr **John A. McDermott** has been appointed a director of REDIFFUSION BUSINESS ELECTRONICS and will act as executive director of the communications division.

★

Ms **Jackie Dickens** has been appointed vice chairman of LEO BURNETT. She moves from head of planning.

★

Mr **Jim Worrall** has been appointed a main board director of SES ELECTROTECHNIC SERVICES and will continue as general manager of the marine division.

★

Mrs **Valerie A. Cracknell** has joined the board of FOOD BROKERS (HOLDINGS).

★

Mr **Peter Halliwell** has been appointed managing director of JOTUL UK, Reading, a wood-burning stove and gas appliances company, part of the Norcem group. He remains chairman of Grayhill Blackheat. Mr David Harper joins Jotul as sales director, gas division. He was previously sales director of Cannon Industries.

★

HOGG ROBINSON GROUP has appointed Mr **Peter Marshall** as a non-executive director from March 1. He is deputy chief executive and director of finance of The Plessey Company. He is also chairman-elect of Ocean Transport & Trading.

★

Mr **A. D. M. Ogilvie** has been appointed to the board of FRAZER-NASH (ELECTRONICS). He joined the company in March 1985 as commercial manager on retirement from the army.

★

LONDON WEEKEND TELEVISION has appointed Mr **Roy van Gelder** as director of personnel and administration, and joins the board. He was director of staff relations.

★

Mr **Takis Arapogiou**, formerly a managing director with Chase Investment Bank, has joined CHEMICAL BANK INTERNATIONAL as executive director responsible for corporate finance and business development in continental Europe.

★

Mr **John Kelly**, operations director of MECCA SOCIAL CLUBS, has been appointed deputy managing director. He also becomes a director of Mecca Leisure, the main operating subsidiary of Mecca Leisure Group.

ECONOMIC DIARY

TODAY: Mr Rajiv Gandhi, Indian Prime Minister, presents 1987-88 Budget, New Delhi.

TOMORROW: Mr George Shultz, US Secretary of State, visits China (until March 6).

MONDAY: London Sterling certificates of deposit for January. UK banks' assets and liabilities and the money stock (January). EEC Agriculture Ministers start two-day meeting to discuss price proposals and production cuts. Goldcrest informal shareholders meeting. Brazilian Finance Minister, Mr Dilson Funaro, meets Mr Nigel Lawson, Chancellor of the Exchequer, to discuss Brazil's foreign debt, London. Mr John Moore, Transport Secretary, visits Eurotunnel exhibition train, Paddington Station. Federation of Unions Supplying Electricity issues statement against privatisation. Sir Robert Haslam, chairman of British Coal, speaks at Coal Industry Society lunch, Park Lane Hotel, London.

TUESDAY: February UK official reserves. Capital issues and redemptions for February. Alliance Party statement on regional employment. Insurance Ombudsman publishes annual report. Mr Norman Tebbit, Conservative Party chairman, speaks at Aims of Industry lunch, Brewers' Hall, London.

WEDNESDAY: December figures for overseas travel and tourism. Advance energy statistics for January. The National Economic Development Council meets in London to discuss pay in the 1980s; the British labour market and unemployment; and an update on the food and drink manufacturing industry; with the Prime Minister, Mrs Margaret Thatcher, in the chair. Mr Douglas Hurd, Home Secretary, speaks at NUJ conference on future and independence of BBC, Grosvenor Hotel, London. Midland Bank, and Commercial Union Assurance annual results. British Tourist Authority publishes 1986 tourism figures. Leyland truck workers lobby Parliament against sell-off deal with DAF. Mrs Linda Chalker, Foreign Office Minister of State, begins two-day visit to Rome.

THURSDAY: Fourth quarter UK balance of payments. Detailed analysis of employment, unemployment, earnings, prices and other indicators (March). Voting in European Parliament by-election, West Midlands. Motor Show opens in Geneva (until March 15). Shell annual results.

FRIDAY: Housing starts and completions in January. Fourth quarter figures for house renovations. Mr George Shultz visits South Korea. Hang Seng Bank annual results.

Younger served with writ by dockyard union leaders

BY JIMMY BURNS, LABOUR STAFF

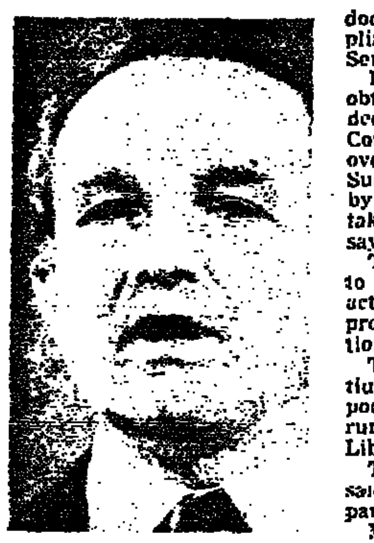
UNIONS REPRESENTING 19,000 workers at the Royal Naval Dockyards at Devonport and Rosyth yesterday served a High Court writ on Mr George Younger, the Defence Secretary, with the aim of postponing his plans to install agency management at the yards from April 6.

The move follows the Government's confirmation earlier this week of its intention to proceed with the privatisation of the Devonport Dockyard under the management of a consortium led by Brown and Root of the US.

In their submission to the High Court, the unions accuse Mr Younger of failing to consult properly in breach of the Amendments to the Dockyards Services Act, introduced by Lord Denning.

The unions allege that the Government has failed to disclose information on future manning levels, terms and conditions at the dockyards. They also claim it would be *impossible for the Secretary of State to comply with his remaining legal obligations to consult under the act before April 6.*

"Our legal advice is that we have an excellent case. We therefore call on Mr Younger to abandon commercial management at the dockyards and, if he will not abandon it, then to delay a decision by at least six months to give time for further consultation," said Mr Paul *Noon, leader of white collar* workers at the yard.



George Younger: under pressure from dockyard unions

The Ministry of Defence said last night it was seeking legal advice. It claimed Mr Younger was satisfied that the signature of the new contracts at the dockyards was in full compliance with the Dockyards Services Act.

However, the unions hope to obtain an early interim declaration from the High Court that will delay the handover to agency management. Such a step would be followed by a full hearing that could *take several weeks, the unions say.*

The unions have also written to Mr Younger accusing him of acting "unreasonably" in not *properly investigating allegations* against Brown & Root.

The unions allege the consortium has a recent history of poor quality control, cost overruns, business connections with Libya, and anti-union bias.

The Ministry of Defence has said it is convinced of the company's credibility.

Mr Jack Dromey, a TGWU official representing 13,000 industrial workers in the dockyards, yesterday accused Mr Younger *of showing "cavalier* disregard" of his responsibilities towards the dockyard, one of the most vital and sensitive defence establishments in the UK.

Industrial and white collar unions are meeting on Monday and Tuesday to discuss further industrial action following this week's walkout by workers at the Devonport Dockyards.

Willis firm in Moscow on opposing atomic tests

By Our Labour Staff

BRITISH UNIONS are deeply opposed to nuclear tests by any country and continue to support fully international nuclear disarmament, Mr Norman Willis, General Secretary of the TUC, told a Soviet trade union congress in Moscow yesterday.

Mr Willis' comments were made 20 hours after the Soviet Union's announcement that it had ended its 19-month moratorium on nuclear tests by exploding a nuclear device.

The timing of his remarks suggested a conscious effort *to distance the TUC from too* overt an alliance with the Soviet Union. Mr Willis' visit to Moscow had been preceded by some criticism *inside Britain.*

Mr Willis significantly also reminded his Soviet hosts that the TUC still recognised in Solidarity a trade union organisation which responded to the "needs of Polish working people for an independent voice" in the decisions affecting them.

Mr Willis confirmed that a TUC delegation intended to make a follow-up visit to the Soviet Union in April to look *in detail at the country's* nuclear power industry in the light of the Chernobyl disaster.

He concluded his short speech with a tribute to the "memory of our joint struggle against fascism" during the Second World War. He said *he respected the Soviet Union* for recalling the death of 20m of its people at that time.

Rules revised on women's hours

REVISED REGULATIONS which lift many restrictions on women's working hours in factories and mines came into effect yesterday.

Hours of work in these jobs were previously controlled to stop women working at night, in the evening, on Saturday afternoons and Sundays. Total hours, starting and finishing times, amounts of overtime and periods without a break were also controlled.

From now on, employers no longer need special authorisation for women to work the same hours as men, with the exception of nightwork.

Charles Leadbeater on the end of a traditional Christmas dispute

BBC cuts power of festive threat

CHRISTMAS is often heralded by a warning from television electricians that something untoward might happen to *favourite programmes unless a* dispute is settled.

But on Thursday 600 BBC electricians voted to return to work on Monday after an eight-week strike over pay differentials with scene shifters, which viewers hardly noticed.

It seems the corporation has successively called the electricians' bluff. Could it mean an end to the sparks' traditional Christmas warning?

Mr Geoff Whitlow, of the EETPU *electricians'* union, says the strike has been a success. "We have never gone out to hurt viewers. The BBC has only been able to maintain its *schedule at great cost by concentrating* resources on a few programmes, and accepting a lower quality on the others," he says.

Most of the strike's effects have been noticeable only to the pratised eye. Outside broadcasts like snooker have been shown, *but many others have been cancelled;* news programmes have had limited lighting; programmes like That's Life and Wogan have been transmitted from the same studio; Eastenders has been confined to a limited number of pre-lit sets and filming with the natural light of Albert Square.

But these restrictions have also enabled the BBC to reduce the number of sets it has had to move and re-light. Managers and non-unionised contractors have done the work, says the EETPU.

But unionised lighting contractors have not crossed picket lines. Mr Whitlow attributes *this to the union's internal* democracy.

"Our democracy means that when we go on strike it is solid. We are the only union at the BBC which could have mounted a national strike like this. The management believed the contractors would carry them *through but they have not."*

In the settlement the BBC has stuck by its insistence that the electricians' claim for about 20 per cent, to restore differentials, should be settled within a review of the terms and conditions of the corporation's 5,500 weekly-paid workers.

The BBC hopes the review will cut costs behind the camera to free resources for programme making.

BBC *executives have promised* that inconsistency in pay scales will be removed once the review produces a revised pay structure, the union says. It also says *the corporation has agreed there* will be no separate deals with any of the other shopfloor unions.

However, this might merely have diverted the dispute rather than settled it. The corporation hopes that by April it will have negotiated a package which *reduces the number of pay* grades from 32 to five and allows the introduction of wide-ranging changes to working practices.

But the EETPU says: "We have been negotiating productivity measures for 600 electricians for 18 months without success. It is unrealistic to expect the BBC to negotiate changes affecting 5,500 workers in two months."

The EETPU, which is a leading proponent of so-called market unionism, says the corporation's inflexibility reflects its public sector status.

"The BBC has been able to stand out this long because they are not playing with their own money," says Mr Whitlow.

Warning to NUM on Margam

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH COAL might turn to *another union to organise* Margam mine in South Wales if the National Union of Mineworkers does not agree to radical changes in shift patterns, the union leader in the area warned miners yesterday.

British Coal has said development of the mine will proceed *only if miners agree to produce* coal six days a week, rather than the normal five. Some union officials believe the Coal Board might turn to the Union of Democratic Mineworkers or the EETPU electricians' union to organise miners, should the NUM not agree to revised shifts.

Mr Des Dutfield, the NUM area president, writing in the latest issue of the *South Wales Miner,* warns the union not to *throw away the right to organise* miners at Margam without serious thought. "I believe the mine will go ahead whatever the NUM decides," he says.

Mr Dutfield presents a strong case for the NUM negotiating some of the changes British Coal is seeking.

While British Coal wants production to continue into the weekend, this would not lengthen miners' working hours over the year. Two shift patterns managers have proposed would allow miners one week off in every four, with a reduction in annual working time *per mine of 12 hours, Mr Dutfield says.*

"It would be hypocritical of us to throw aside nearly 800 *jobs for school leavers and the* unemployed merely on a false argument about increased working time," he says.

The project would create 1,000 jobs in the area, which has high unemployment.

A union area conference next week will decide whether leaders should enter detailed negotiations with British Coal over its proposals. The conference will also consider what role the national NUM should play in the negotiations.

While area leaders are keen to maintain union unity, it is *understood they would be unhappy* to allow national leaders a veto over the project.

BT need not retain staff over age 60

By Our Labour Staff

BRITISH TELECOM is under no obligation to continue employing staff after the normal retirement age of 60, the High Court has ruled.

Mr Justice Schiemann yesterday dismissed a test case brought by Mr Thomas Jones, 59, who works as a night telephonist at a BT exchange in Southport, Merseyside.

The case was backed by the Union of Communications Workers, Mr Jones's union, in the hope that the court would rule that he was entitled to an opportunity to stay on after the normal retirement age of 60 *and have his application for* retention considered under an agreement between BT and the union.

The agreement provides for retention of staff beyond 60 if they are fit and efficient if their services are still required and if, by staying, they are not impeding the career progress of younger colleagues.

BT contended it had an unfettered right to employ or *not after 60,* regardless of the conditions in the agreement. The judge said the key factor was that the agreement said BT "may," not "must," retain staff

Pay deal offer to local authority airport workers

By Our Labour Correspondent

WORKERS at airports run by local authorities were yesterday offered a 22-month pay deal worth more than 10 per cent in *three stages.*

The proposed deal would allow for a complete review of the pay and conditions of the *1,300 workers, coinciding* with the airports becoming trading companies in their own right.

The workers, mainly ground staff and firefighters, would receive a 4 per cent rise backdated to the January 1 settlement date. There would then be a further 3 *per cent (of the* revised rates) from November 1, and 3 per cent more (again of rates at the time) from May 1 next year.

Union on course for 2% block of BA share votes

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE trade union initiative to create a block of British Airways share voting rights looks set to secure at least a 2 per cent stake in the newly-privatised company.

Union leaders say they are well on course to amass the voting rights of more than 20 per cent of employee shareholdings, with hundreds of proxy forms being returned by staff daily.

The initiative is aimed at giving the unions a powerful say at shareholder meetings. BA employees have been asked to sign over voting rights, while retaining title to the shares in *all other respects.*

The scheme is believed to have incurred the displeasure of Mr John Moore, the Transport Secretary, though BA has co-operated with the unions in circulating staff.

BA employees were allocated 8.6 per cent (62.2m) of the 720.2m shares issued earlier this month. The airline estimates *that 36,500 staff,* 93 per cent of those eligible, became shareholders under a variety of free-issue or option schemes.

Union leaders think some staff will sell their shares, but meetings are still being held and follow-up circulars issued to try to encourage more people to sign proxies.

Mr Peter Smith, deputy general secretary of the airline pilots' union, Balpa—which *came up with the initiative*—said: "We are obviously not going to control the company, but it is certain that we will have considerable influence."

Unions reject pay offer from three banks

BY HELEN HAGUE, LABOUR STAFF

LEADERS of two banking unions rejected an improved pay offer yesterday from the Federation of London Clearing Bank Employers.

The federation, which negotiates annual national pay rises on behalf of the employees in *Barclays, Lloyds and National* Westminster Banks, had increased its offer from 4 to 4.5 per cent.

The offer covers about 200,000 clerical and lower managerial grades. It includes some modest restructuring of senior clerical pay grades to take effect before the 4.5 per cent rise comes on stream.

The Banking, Insurance and Finance Union has registered *its second "failure to agree"* under national procedures.

This means that the impasse is automatically referred to the conciliation service Acas. A meeting is fixed for March 12.

The Clearing Bank Union, which is not affiliated to the TUC, has also rejected the improved offer, but has not formally registered this with the employers.

Bifu lodged a claim for a 9 per cent or £15-a-week rise, whichever is the greater. The banks estimate this to be equivalent to a 13 per cent claim.

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Saturday February 28 1987

Show business in Greenwich

THE RESULT of the Parliamentary by-election in Greenwich on Thursday was bad for the *Labour Party, extremely good* for the Liberal-SDP Alliance, and probably of not much consequence for the Conservative Party. It was a great show on the night: the lasting significance is doubtful.

It was bad for the Labour Party, of course. No political leader who hopes to become Prime Minister within the next few months can be other than utterly dismayed at losing a seat which his party has held since 1945. Whatever special circumstances there may have been—the left-wing tendency of the Labour candidate, Ms Deirdre Wood, for example—Mr Neil Kinnock would be a happier man if Labour had scraped by, even if only by a handful of votes.

The result was a triumph for the Alliance in a number of ways. The *margin of victory* was much larger than anyone had forecast even on the night before polling. It was also *achieved on a very high turn*out: nearly 70 per cent, and slightly more than the turn-out in Greenwich in the general *election of 1983.* No one can say that Labour failed because its traditional supporters stayed at home. There was a real swing *against it.*

Extremist causes

It was a success, too, for the Social Democratic component within the Alliance. On the whole, it has been the Liberals who have made the *running.* Now the SDP has made a contribution by taking an inner-city seat from Labour. It was the idea of the Liberals squeezing *the Tories and the Social* Democrats squeezing Labour that made the Alliance a bankable prospect in the first place. The Liberals gave a lot of support on the ground in Greenwich, but the SDP has shown that it can deliver its share of the bargain.

Greenwich was a dead loss for the Tories if not from the start, at least from the moment the opinion polls started showing the Alliance was in with a chance and that voting for Ms Rosie Barnes of the SDP was the only way of defeating Labour. There was simply no point in voting Conservative in that particular by-election if you wanted to influence the result. From the Tory point of view, no more significance needs to be read into the result than that. A Tory vote was a wasted vote, as much of the electorate was intelligent enough to realise.

Yet the most striking fact about the result was that Ms Barnes owes the *size* of her majority not only to Tories voting tactically, but also *to a* decline in the support for Labour. There must be a "London factor." The left wing of the Labour party in London has tended to give the *party* a bad name by embracing extremist causes irrelevant to ordinary people. Ms Wood was on the left and accordingly suffered. It would be a mistake to assume that she is the only kind of candidate Labour can offer *or that the Greenwich pat*tern would be repeated all over the country. Even in London the Labour Party won the by-election in Fulham last year quite comfortably with a moderate candidate.

Tactical voting

Thus, whatever the immediate sensation, it might be unwise for anyone to draw strong con*clusions. It was a very odd by*-election by any standards: two quite different female personalities pitched against each other in a *constituency with a shift*ing population and split between gentrification and old working class London. *It also* took place close enough to a general election to heighten outside interest. The result was that it became more like show business than national politics.

There is some *discussion of* whether the tactical voting that undoubtedly occurred in Greenwich could be repeated in a general election. The answer *is* almost certainly not. In the first place, it would be impossible for the electorate in every constituency to have as much knowledge of what is going on in the locality as the opinion polls provide in a by-election. Second, tactical voting in a by-election is for a particular purpose: it is to keep one candidate out, while knowing that the Government remains in. The idea of tactical voting to defeat Mrs Thatcher in a general election, even if it were practical, would make sense only if there were agreement on what sort of government should replace the Tories. There is not.

Meanwhile, political life goes on. There is the budget next month, Mrs Thatcher's trip to Moscow soon after and the local elections on *May 7. The Gov*ernment appears to be under no great pressure on any front. It can afford the luxury of postponing a decision on the date of the general election for a few weeks more, while continuing to tantalise everyone else.

Raymond Snoddy sizes up the BBC's new director general

Mr 'Checkbook' and the balances

"HE NEVER made programmes," said the new Director General of the BBC, gesturing at a portrait of his eminent predecessor *Lord* Reith on the wall of the BBC council chamber yesterday.

Handling his first press conference since being named to the job late on Thursday *night.* Mr Michael Checkland—dubbed "Checkbook" by his critics — chided those who have portrayed him as a stereotyped accountant.

"The last financial job I had was ten years ago. I have been in general management since then — making programmes happen," said Mr Checkland, the BBC insider, displaying the gusto which no doubt helped him see off better-known and better-fancied outsiders like Mr David Dimbleby, the television presenter, and Mr Jeremy Isaacs, chief executive of Channel 4.

"I am a more rounded man than the narrow stereotypes would indicate," said the 50-year-old history graduate who went on to list interests that ranged from photography, opera and theatre to football. "Jasper Carrot (the comedian) and I are the last two Birmingham City fans in the BBC," he joked.

But what sort of BBC will the well-rounded Mr Check*land create and how will it* differ from the administration of his predecessor Mr Alasdair Milne, forced to resign by the BBC Board of Governors at the end of last month?

There is a good chance that relations between the amateur Governors and the professional board of management —a source of considerable strife in recent years—will now improve.

The present Board of Governors inherited Alasdair Milne. But they have now twice chosen Michael Checkland—first in July 1985 when he was appointed deputy director general and then again on Thursday.

He knows the intimate details of the BBC's organisation —how efficiently studios are run, how the computing system works—much better than the other contenders.

"I do know a lot about the BBC. I undestand its purpose. I understand its strategies and I have been involved in the nuts and bolts of programmes," said the man who first joined the BBC in 1964 because he saw broadcasting as an exciting industry.

He added: "I also have a very clear acceptance of change and the prospect of managing change in a creative organisation."

That change will almost certainly mean that the Corporation's more than 25,000 *staff will be slimmed* down as more work goes to freelance and independent producers.

"This is a very important period for the BBC. I think the job is to keep quality of *programmes going* through a period of change," he said.

Those who know him describe the new director general as a decisive manager and suggest that there will be a general *tightening* up of the organisation.

"He won't fudge the uncomfortable decisions in the way that creative people tend to do in the hope that the pain will go away," says a BBC executive who knows him well.

Despite his protestations of intimate knowledge of the programme making process, Michael Checkland has yet to prove that he can fulfil both halves of the director general's role—editor-in-chief as well as chief executive.

Many BBC staff yesterday expressed surprise that Mr Checkland, whom the bookmakers had put third at odds of 9-2, had got the job. But *they* seemed prepared to give him the benefit of the doubt.

Asked yesterday if he had been a compromise candidate, the new director general replied: "I was the outstanding candidate." With the emphasis of someone routinely misunderstood, he pronounced: "One thing people will learn is that I am not a bland man."

A bishop at bay in the Vatican

By Alan Friedman in Milan

IT MAY sem very strange to foreigners, but the chairman of the Vatican Bank is now a fugitive from Italian justice, hiding inside the walls of the Holy See."

The Italian judge who made this remark sat back in his chair and smiled, but soon his eyes turned serious again as he spoke of this week's remarkable issue of a warrant for the *arrest of Archbishop* Paul Marcinkus, the 65-year-old American-born chairman of the Istituto per Le Opere di Religione (IOR), better known as the Vatican Bank.

The lanky 6ft 3in golf-playing Monsignor Marcinkus, chairman of the IOR since 1971 and once the business associate of convicted Italian swindlers such as the late Michele Sindona and the late Roberto Calvi, is this weekend beyond the reach of Italian law, safe inside the Vatican's walls.

The manager of the Vatican's finances—whose most celebrated dictum was "You can't *run the church on Hail Marys*" —is being sought by the Italian police on fraud charges.

Last Monday morning Italy's Guardia di Finanza, or fiscal police, conducted a dawn raid on the prelate's Rome apartment, only to find it abandoned. The police came with an arrest warrant charging Archbishop Marcinkus with having been an accessory to the fraudulent bankruptcy which led to the 1982 collapse of Banco Ambrosiano. The Banco Ambrosiano affair turned into Italy's biggest post-war scandal, complete with a nefarious cast of characters ranging from *crooked financiers to secretive* Freemasons.

From their offices in Milan's imposing Mussolini-era Palace of Justice, a small team of Italian judges has been investi*gating the Banco Ambrosiano* case since early 1983. The investigation, say the judges, will lead to the trial later this year of up to 50 defendants, including Archbishop Marcinkus (in abstentia if necessary). The judges are convinced the Vatican Bank acted, as one of them put it, "continuously and systematically in concert" with Banco Ambrosiano, which crashed in 1982 under $1.3bn of debt.

It has already been established in the Ambrosiano investigation that the Vatican Bank owned, both directly and indirectly, ten of the dummy companies to which Ambrosiano lent $1.3bn. The Vatican and Archbishop Marcinkus have repeatedly denied any wrongdoing, but the IOR did agree in 1984 to pay 120 Ambrosiano creditors the sum of $244m as a "recognition of moral involvement" in the collapse of the bank.

The warrant for the arrest of Monsignor Marcinkus, the son of a Lithuanian-born window cleaner who grew up in the tough Chicago suburb of Cicero, Illinois, charges that the Pope's top banker participated for years in the fraud perpetrated by the late Roberto Calvi, the Ambrosiano chairman whose corpse was found in June 1982, *hanging from Blackfriars* Bridge in the City of London.

The Milan judges who issued the arrest warrants for Monsignor Marcinkus and two of his associates at the Vatican Bank, *have* (as they put it) "travelled the world these past four years" in order to piece together the jigsaw of money flows to dummy companies owned by the Vatican Bank. These companies are said to have received a total of $1.3bn of funds from Ambrosiano. The money has never been recovered, nor have the bank's depositors received any compensatoin for their losses.

Although the dummy companies were found in places such as Panama, the Bahamas and Peru, it was apparently the records found at Banco Ambrosiano Holding (BAH) in Luxembourg *which proved* the most useful. "We found evidence of fraud in Luxembourg," says one judge.

Much attention has been focused over the years on the famous "letters of patronage" issued to Calvi by Archbishop Marcinkus and signed by Luigi Mennini, managing director of the IOR, and Pellegrino de Strobel, chief accountant (both Mennini and de Strobel face arrest as accessories to fraud along with Marcinkus should they be apprehended outside the Vatican). These letters, which date from September 1981, gave Vatican backing to more than $1bn of loans to the dummy companies.

But a separate and secret letter from Calvi to Marcinkus *cancelled any obligation to re*pay these loans.

The exchange of letters between Calvi and Marcinkus, say the investigating judges, was only "the mechanism" and only "a small part of the story."

In Rome this week, Mr Massimo Teodori, an MP from the tiny Radical party who served two years ago on the parliamentary committee investigating the outlawed P-2 Freemasons' lodge of which Calvi was a member, also went beyond the issue of letters of patronage: "The colossal imbroglio of Ambrosiano," the MP declared, "was perpetrated by the Calvi-Marcinkus couple in the name of and on behalf of the IOR."

Now, says Mr Teodori, the Milan magistrates appear to have gone to the heart of the scandal: "They have done their duty in dealing with an archbishop who is *hiding behind* the walls of Saint Peter's."

Italy's Ministry of Justice, meanwhile, has put a team of lawyers to work, searching for ways to seek the extradition of Archbishop Marcinkus, who can only be arrested if he sets foot on Italian soil There is no extradition treaty between Italy and the Holy See, although the Rome Government is examining clauses in Mussolini's 1929 Lateran pacts with the papacy to see if they might provide scope for an extradition.

Yesterday morning, Italy's *best-selling newspaper*—the politically centrist La Repubblica —declared in a front page headline that "only with the permission of Wojtyla can Marcinkus be arrested." The reference is to the man who is frequently referred to in Italy by his original Polish name of Karol Wojtyla, but who is better known internationally as Pope John Paul II.

From all accounts the Polish-born Pope and the Chicago-trained Archbishop of Lithuanian origins have a fair ammount in common. Neither fit the Italian stereotype of a *priest: both were athletes in* their youth, tough sorts who worked their way up.

"Only with the permission of Pope John Paul can Archbishop Marcinkus be arrested," says La Repubblica.

Indeed, one of the criticisms constantly rumoured to have been voiced over the years in*side the Vatican Curia,* naturally *sotto voce,* is that the Polish-born Pope has allowed the controversial golfing archbishop to remain chairman of the IOR. There are those inside the Holy See who wonder how the Pope could allow Marcinkus to stay on after a 16-year tenure which has seen the Vatican involved not only in the Ambrosiano affair, but in other scandals such as the 1974 crash of Michele Sindona's banking empire.

Marcinkus and Sindona, who was a key Vatican financial adviser, had a close working relationship for many years and the Vatican lost an estimated $30m when Sindona crashed. Shortly after his election in 1978, Pope John Paul II is said to have been shown a thick dossier on the IOR's involvement in the Sindona affair. He *apparently took no action.*

In 1983 Monsignor Marcinkus, who used to be the present Pope's bodyguard, was passed over when 18 new Cardinals were named. His responsibilities appeared at the time to have been reduced, but he *remains in office.*

Mr Mennini, the layman who is managing director of the IOR and Marcinkus's key deputy, was actually convicted by an Italian court of involvement in the collapse of Sindona's Banca Privata. Mennini's lawyers are appealing against the conviction, and he continues to serve at Archbishop Marcinkus's side.

Sindona himself was *found* dead last March inside his prison cell outside Milan. The autopsy revealed that his morning coffee had been laced with cyanide, but it will probably never be clear whether it was murder or suicide. The same is true of the late Roberto Calvi, where a London inquest returned an open verdict. (Three years ago, in a statement to the parliamentary committee investigating the P-2 Freemasons, Prime Minister *Bettino Craxi endorsed* the theory that Calvi was murdered.)

As for Monsignor Marcinkus, he remains behind the walls of the Holy See. With the five-party Coalition government led by Prime Minister Craxi in political turmoil in the next few days, there is unlikely to be time or inclination for a delicate diplomatic effort to obtain Monsignor Marcinkus's extradition.

If the next prime minister is, as is likely, Mr Giulio Andreotti, the veteran Christian Democrat politician who studied inside the Vatican Curia from *an early age, a determined drive* by the Rome government to bring the Vatican Bank chief to justice seems even less likely.

The Vatican itself, in the first public statement on the arrest *warrants, yesterday quoted* a clause from the Lateran Pacts which it claimed would "*exempt* the institutions of the Catholic Church from interference by the Italian state." In the Watergate era, that used to be known as hanging tough.

Man in the News

John Tower

Hatchet job with a fine edge

By Stewart Fleming

THE LONDON School of Economics, in those days a hotbed of left-wing radicalism, helped to shape the conservative politics of John Tower, the man who on Thursday presented Ronald Reagan with a stinging 300-page indictment of the President's work habits, his staff and the Iran-Contra arms deals.

"Mean" is how some have described the podgy 61-year-old former Texas senator, whose biggest disappointment in the 24 years he served in Washington was the Reagan Administration's decision to appoint Mr Caspar Weinberger to the job Tower coveted — that of Secretary of Defence. Tough but *fair, say Tower's admirers and,* judging from the report he wrote with two elder statesmen of the Washington foreign policy establishment, Edmund Muskie and Brent Scowcroft, that seems the more accurate assessment.

Tower's year at the LSE in 1952 left a lasting impression, but not the one left on many of his peers. After detailed research into the organisation of the Conservative Party and writing a thesis entitled, The Conservative Worker in Britain, he returned to Southern Methodist University in Dallas, Texas where he now lectures convinced of the correctness of his *conservative views.* There he resumed work in what in those days was the Republican Party's lonely crusade to convince the people of the Lone Star State that there were two national parties fit to govern the US.

In 1961 Tower made his point when, with the support of Senator Barry Goldwater from neighbouring Arizona, then the conservative movement's standard bearer in the Republican Party, he became the first Republican to be voted into state-wide office in Texas in a century.

He won the seat vacated by *Lyndon Johnson when he* became Vice President in the Kennedy Administration. Tower's victory was heralded as evidence of the beginning of a shift in the balance of power in Texas to the cities, and in the country, to the right. "John the Texas giant killer," said the front-page headline in the New York Herald Tribune the next day—a reference to Tower's 5 ft 5 in frame as well as his surprise victory.

When President Reagan announced last December that he had asked Tower to head a three-member panel to look into the workings of the National Security Council it was widely assumed that a thorough, readable but academic analysis of the workings of the NSC would emerge.

For Tower was known to share Reagan's conservative vision of America and its role in the world. He had been one *of the architects of the Presi*dent's military build-up at the beginning of the decade when he chaired the powerful Senate Armed Services Committee. Moreover, it was clear that the Iran-Contra scandal had the potential to damage not only the Republican Party, but also — given the roles played by right-wing ideologues—the conservative cause too.

By the time Tower had finished delivering his summary of the report on Thursday, doubts about whether or not the Tower Commission had given the President an easy ride were laid to rest.

Nattily dressed in his usual Savile Rowe pin stripe suit, waistcoat neatly buttoned, and white *handkerchief* peeping from his breast pocket, Tower wasted no time glossing over the disaster which he and his two colleagues, the Democrat Muskie, and Scowcroft, a *fellow Republican,* believed had befallen the President and the nation.

"There are indeed many powerful lessons to be learned, he said, in the deep baritone which lends weight to his judgments.

"I think the President should have followed up more and monitored this operation more closely. I think he was not aware of a lot of the things that were going on."

It was a harsh critique from a man who chooses his words carefully.

For what had been going on was orchestrated not from the bowels of some vast distant bureaucracy, but from the basement of the White House itself. It is this fact that potentially embarrassing covert operations were run from the building where the President lives that has most amazed Washington's foreign policy experts.

What then led Tower, the giant killer of old, to take on the role of hatchet man?

One answer must be that he and his colleagues cherish their own reputations for integrity. There had, said Tower, been no watering down of the report because of personal or political loyalties.

It is clear, too, that Tower felt the commission had an important role to play in serving the interests of the country, perhaps helping to avoid similar *mistakes in future. He said the* people around Mr Reagan, knowing his detached management style, had failed the President "by not keeping him informed and trying to compensate for this characteristic."

Some Republicans, however, have taken a stronger line than Tower, expressing the fear that the two recent foreign policy disasters — the Iran-Contra scandal and the Reykjavik summit—may be a sign of flaws in the foreign policy - making process. To Tower, the Contra affair was an "aberration." It was certainly not, as some Democrats charge, a manifestation of the impatience of a popular conservative President who turned to covert operations partly because broad political support was lacking for what he wanted to do.

"It was not the public policy of the *United States* that was in question but the fact that there was a covert activity going on that was absolutely contrary to the public policy that was set by the President himself." Tower commented on Thursday, glossing over the fact that on Iran the President had endorsed the policy and that on Central America the covert activity supported his explicit goals.

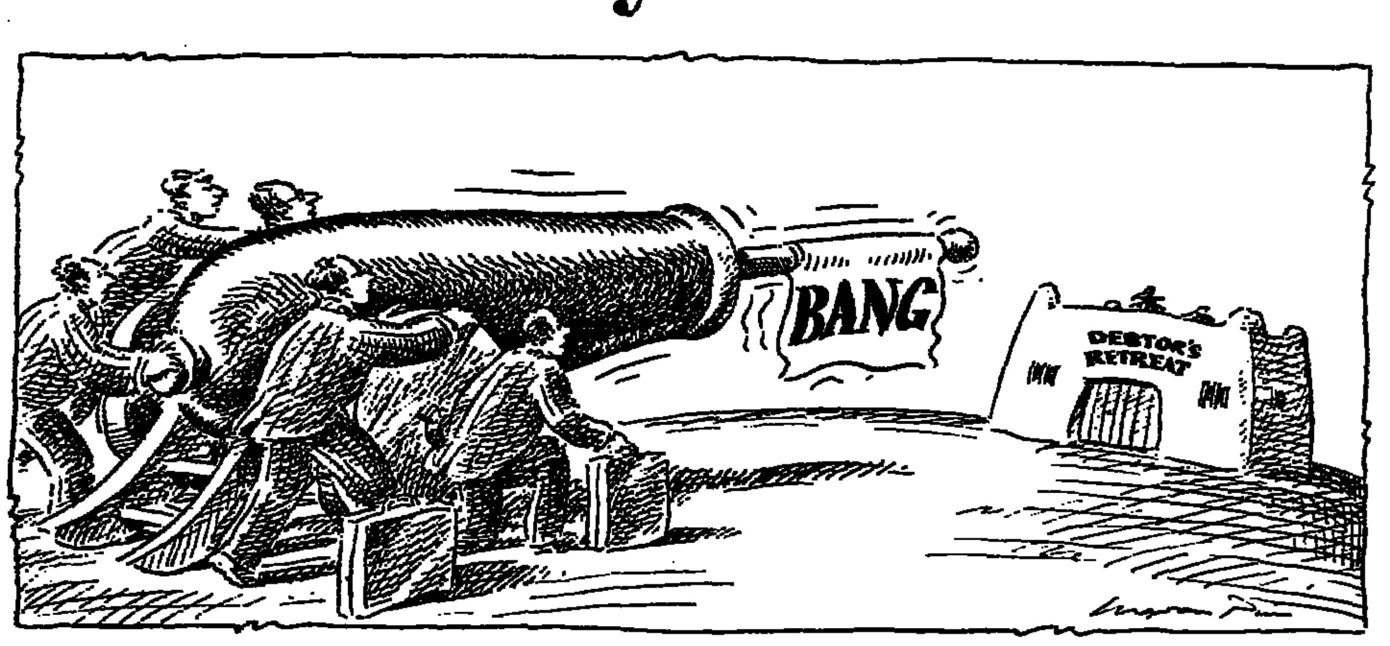
This balancing act—between toughness and loyalty to his political allies—is one which Tower will doubtless seek to maintain in the coming weeks as he joins the ranks of those *testifying to the congressional* committees whose work on Irangate has yet to be done.

Just what John Tower hopes to gain from the process—apart from the sense that he has been *responsible for a job well done* —is not at all clear.

He is still young enough to be in contention for a top Cabinet job if the Republicans hold the White House in 1988. His report has ensured that the same cannot be said of a number of members of the Reagan Cabinet.

Banks, says **Anatole Kaletsky,** lack leverage on rebel Third World borrowers . . . but Britain's biggest bank has strong overseas ambitions

Don't cry for Brazil



IT MAY TAKE years or even decades, but common sense usually prevails. Sooner or later countries like Brazil and Mexico were bound to call a halt to the never-ending transfer of their resources to the international banks. Fortunately, common sense and an elementary knowledge of history also suggest that such actions will not provoke a trade war, financial crisis or economic cataclysm of any kind.

Third World and East European countries have defaulted repeatedly in the last century and have sometimes enjoyed rapid growth soon after unilaterally reducing their obligations. Brazil's industrial production grew by 11.8 per cent annually in the seven years after 1931, when it last defaulted on its foreign debts. During that period the fashion for default spread to every country in Latin America except Argentina, the Dominican Republic and Venezuela.

The banks were not much involved in the defaults of the 1930s, when private bondholders were the main creditors to the Third World. But this does not imply, as bankers sometimes argue, that Third World defaults are now more of a threat to the world's financial system: international finance is infinitely more robust than in the 1930s. Most important, the banks will ultimately lose little from actions such as Brazil's—provided western bankers and politicians react in a rational manner.

The Brazilians have said they will not demand debt cancellations or even below-market interest rates. They want roughly $5bn (£3.2bn), or half their interest payments each year rolled forward. This could be achieved co-operatively if the banks agree to capitalise some annual interest payments or make a long-term promise to provide new loans each year equivalent to half the interest due. If they refuse, Brazil could unilaterally convert half each year's interest obligations into new long-term debt.

Either solution would be acceptable from Brazil's point of view. It would halve current interest payments without reneging—at least in a fundamental sense—on its obligations.

Of course, no amount of debt restructuring will do any good unless Brazil adopts a reasonable long-term recovery and price-stabilisation programme.

Producing such a programme and sticking to it in Brazil's politically volatile environment is the most important challenge to President Jose Sarney's Government—far more important than all the poker playing with the banks and the International Monetary Fund. This does not imply that debt restructuring is irrelevant or unnecessary, as bankers frequently suggest.

Reducing the interest payments burden may not be a sufficient condition for successful economic management, but it *is a necessary one. The ultimate* collapse of each of the success stories touted by the IMF and the bankers in support of their unyielding approach to debtors bears eloquent testimony to that.

But why should the banks agree to help the debtors in any such way?

One reason is that it would make financial sense. Capitalisation or long-term commitments to new lending would not cost the banks anything directly. Regulators might require them to take a portion of capitalised interest payments out of profits and use them to bolster capital or loan-loss reserves. But any such reductions in reported profits might be more than offset by the strengthening of the capital structure and the realistic prospect of steadily reduced exposure to the Third World.

In practice, there is an even more important reason why the banks should ultimately accept any reasonable proposal for debt restructuring — Realpolitik. In a full-blown confrontation between debtors and bankers, the debtors would almost certainly prevail.

Banks have no practical way of forcing a sovereign nation to pay its debts. The bankers' claim that defaulting countries would lose future access to international capital markets is a joke.

The chances are negligible that countries like Brazil or Mexico will be granted voluntary long-term bank loans whether they default or not. If their economic prospects were to be transfigured and they became creditworthy, competition in the credit markets would almost certainly ensure that they could start borrowing again, regardless of whether they had defaulted. Cuba, one of the few countries to have formally repudiated bank debts since the Second World War, managed to borrow more per head by 1983 than Thailand or Indonesia.

Bankers' warnings that defaulters' short-term credit lines might be suspended are more realistic. But this would be a blunt two-edged weapon: two-edged because countries whose credit lines were cut would soon stop servicing them; blunt because banks would find it hard to resist requests for self-liquidating export and import credits from solvent international companies engaged in trade with countries like Brazil.

The banks' threats to arrest ships, sequester reserves, or *seize export cargoes are pure* hokum. Private corporations or even state trading companies cannot be held responsible for their governments' debts.

Western governments, of course, could do virtually anything to bring a defaulting country to its knees. But would they wish to do so?

Would governments that have balked at sanctions against South Africa, Libya or Poland declare a trade embargo against a fledgling democracy like Brazil or the Philippines?

Would Mr James Baker, the US Treasury Secretary, whose overriding concern is to accelerate world economic growth and reduce the US trade imbalance, try to force developing countries to deflate their economies, dump more exports on US markets and slash imports of American goods?

He might just do it—but only if the Brazilians and other debtors were foolish enough to present their defaults as an outright challenge to the international capitalist system.

The debtors can stress the reasonableness of their position: their willingness to meet their obligations, if stretched out over a long time, and their eagerness to buy more goods from the industrialised world, especially the US, with every dollar of interest deferred.

As the US authorities are desperately promoting policies of international economic expansion, such sentiments would go down well in Washington.

Both Congress and the Treasury have become aware that resource transfers from the Third World to the banks necessitate large trade surpluses in the developing countries. Such surpluses generate counterpart deficits in the industrialised world. To put it bluntly, squeezing *interest payments out of* debtor countries means putting workers in US trading industries out of jobs.

It is now up to the Brazilians to hire lobbyists in Washington to rub the point in. Debt and trade barriers are two sides of the same coin and even default may be better than protectionism.

History suggests the debtors could win a propaganda war against the banks, especially if they address themselves to politicians and public, instead of the banks' advisory committees. *This appears to be what Brazil* intends.

No Government has retaliated against a defaulting nation *since the French occupation of* the Rhineland in the 1920s. Indeed, when the President of Bolivia visited Washington in 1943, President Franklin Roosevelt ignored entreaties from holders of Bolivia's defaulted bonds to intercede on their behalf. Instead, the New York Times of May 8 1943 reported: President Roosevelt "apologised for some Americans who sold to the Bolivian Government through 'supersalesmanship' the idea that it needed a loan. Of course, the President declared, Bolivia was unable to repay either the interest or the principal."

Beyond the first billion

NATIONAL Westminster Bank, the UK's largest clearing bank, earned itself a place in the City's history books this week *by becoming the first UK bank* (and only the second in the world) to make profits of a billion pounds.

For an occasion that might have called for the full Cecil B. de Mille treatment, it was more like one of the duller moments of the Soviet Party Congress—and a touch embarrassing.

Rows of dark-suited executives lined up on the 27th floor *of the NatWest tower in the* heart of the City to hear Lord Boardman, the chairman, announce the news. But there were no cheers or ripples of applause—only a quiet glow of satisfaction, suitably tempered by the uneasy knowledge that banks which make more money than the entire GNP of several Third World countries are likely to earn abuse rather than gratitude.

The lack of festivity was typical of NatWest, which seems to confirm all the popular prejudices about British clearing banks. It is solid, colourless, huge. Even at the highest levels, its executives tend to have that breezy, important air of bank managers (which virtually all of them were at some stage in their careers, and proud of it).

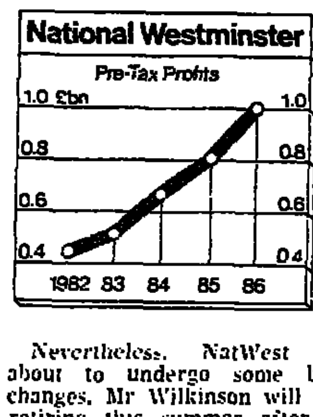
They like to show a spot of bonhommie, but there is always a sense of great tasks to be done. Mr Philip Wilkinson, the chief executive, talks a lot about "teamwork" and sets the tone by wearing NatWest ties.

But as NatWest has shown, this is the perfect recipe for banking success. In the space of *barely a decade, this giant has* hauled itself up from the depths of crisis (in 1974 it had to issue a formal denial that it was about to go bust) to a position where it can justly claim to be one of the world's great banks. In so doing it has overtaken its somewhat more blue-blooded rival, Barclays, and put itself in a position where only Citicorp, the US's largest bank, makes bigger profits. But since Citicorp is over twice the size, NatWest's profitability is actually greater.

NatWest, whose name adorns 3,000 British high streets, never springs any surprises. Every step it takes is weighed by teams of managers steeped in the virtues of prudence and resistance to haste.

But if this means NatWest's recent history has been strikingly uneventful, it has also made it the most trouble-free of the Big Four clearers: it has an insignificant exposure to Latin America, it managed to enter the US market without courting a Crocker-type disaster and it steered clear of South Africa. While its rivals were struggling out of these quagmires, NatWest was slowly but surely piling on the assets.

As for the profits: NatWest may seem slow on its feet, but it knows where money comes from—the ordinary British customer and company. Despite all the offices NatWest has opened abroad and all the ventures it has embarked upon, more than 70 per cent of last *year's billion came from traditional* banking services supplied through its branch network and UK subsidiaries. It cleaned up a handsome 5.5 per cent net interest margin on its UK loans last year—in real terms probably its highest ever. Aggressive newcomers like building societies and the TSB may be beating at the gates, but NatWest's portals look very solid.



Nevertheless, NatWest is about to undergo some big changes. Mr Wilkinson will be retiring this summer after a four-year spell in which he has doubled the bank's profits. Since the middle of last year, half a dozen of the executives who formed what he once called his First XI have retired.

This has led to a generational shift. Men in their late 40s and early 50s are moving into the top jobs.

Even some youngsters in their late 30s are being sifted out as future senior executive material. The strength of the NatWest culture will ensure that change is gradual: the up-and-comers proclaim their allegiance by dressing in the requisite dark suits and NatWest ties (though some have ben spotted wearing tasselled loafers rather than Oxford lace-ups).

The chief executive elect, Mr Tom Frost, is a career NatWest man who *has said his policy* will be "to keep the momentum going."

But he also brings a new outlook to top management. Aged 53, he finds it easier to unbend than his predecessors, and he makes after dinner speeches that have his audiences clam*ouring for more. In his spare* time he builds clocks and grows orchids.

But more to the point, he spent four years running NatWest's largest overseas operations in the US and the last four as head of business development, thinking hard about the bank's future. He believes it must push in two main directions: in the international markets and into investment banking.

As a bank of world standing, NatWest is being forced to become a multinational, a *transformation which Mr Frost* is well qualified to manage. Steadily, it is opening up offices: it is in all the world's big capitals and is seeking out more exotic destinations, like South Korea. Having overtaken the British competition, its main competitors are increasingly the likes of Citicorp, Deutsche Bank and Fuji Bank.

As a result of last year's Big Bang, which allowed banks to enter the Stock Exchange, it has set up an investment banking operation, NatWest Investment Bank (NWIB) to match the *growing fashion for finance by* means of securities rather than loans. But this venture will be a key test of Mr Frost's grit. NWIB cost NatWest £38m in losses last year because of its huge start-up costs, not just in London but also in New York and the Far East, where NWIB is creating the infrastructure for 24-hour global trading.

To fulfill its ambition to be a top international institution NatWest has to make a succes of this operation or risk losin world class business clients.

If the forecasters are righ that only a dozen or so bank will dominate the world bank ing markets by the year 200 NatWest certainly has a chanc *of being among them.* But M Frost, who like most top Nat West men is keen on rugby, wil have to keep the scrum togethe

David Lascelle

Letters to the Editor

Student finance

From Mr G. Thorpe

Sir,—Mr Christopher Ball (Lombard, February 25) has missed the point that many university students are indeed already financed by means of *formalised loans made on a* commercial basis. The matter arises through the method of calculation of parental contribu*tion, which is often missed* because people do not understand the duplicity of the language used.

I refer to the gross misnomer of "Residual Income," which bears as much resemblance to available income for support of a child as cheese does to chalk. Income for contribution assessment purposes includes benefits in kind, which do not necessarily convert into hard cash but which, since they are taxed, form part of the assessed income. Deductions to arrive at the residual amount as defined by the Department of Education do not include, for instance, income tax, graduated contributions, rates and other fixed *charges, all of which have to be* met before arriving at the disposable resources from which students can be supported. You do not have to earn a lot of money before the parental contribution begins and not a princely sum in modern terms to make the maximum support for a child.

There are limits to the extent to which you can diminish your standard of living, leaving the *only sensible available recourse* to be in the form of borrowing to make up the maintenance requirement. (I cannot comment *on the number or character of* parents who fail to make up the contribution.) It seems a relatively short period per child and the security is normally present in the equity of the family home. It is nevertheless money raised by way of a potentially substantial commercially based loan, regardless of the identity of the borrower, to finance higher education. Sooner or later, it has to be repaid.

Gordon Thorpe,
Vicarage House,
Nidd, Harrogate, Yorks.

Business course relevance

From the Deputy Principal, London Business School.

Sir,—In his article on the grant cut suffered by the London and Manchester Business Schools (February 13), Michael Dixon states that the cut may indicate the University Grant's committee's disapproval of the schools' "highly academic teaching and research . . . particularly in finance."

In fact the UGC formula does not take account of differences in teaching quality in the award of grants. If it had done so, it would presumably have recognised the 1986 report of its own business and management studies sub-committee which classed the LBS *full-time and part-time masters* programmes as "outstanding" and expressed the hope that the school "would be able to keep to its plans for an increase to a second stream" of its part-time programme.

There is a marketplace for business courses. If customers don't like what they are getting, they vote rapidly with their feet. If LBS finance courses were academic and irrelevant as Michael Dixon implies, the waiting lists for these courses would not be as long as they are.

As for research, the UGC gave the school an above-average rating last summer with particular mention for its work on economic forecasting, finance and business strategy. Industry also seems to be enthusiastic about this research. In 1985-86 London Business School attracted, relative to its size, more than twice the national university average of outside funding for its research projects. On the specific issue of the school's research in finance, your education correspondent had only to look at the *substantial article on LBS* research on the FT's front page that day to see that not everyone shares his view of its relevance.

Whatever the reason for the UGC cut, it is not the UGC's opinion of the schools quality.

(Prof) R. A. Brealey,
Sussex Place, NW1.

Growth in debt problems

From the Assistant Director, National Association of Citizens Advice Bureaux.

Sir, — While welcoming the Building Society Association's report which shows a decline *in the number of home owners* with mortgage arrears ("Fall in home loan defaulters" February 21), CAB cannot agree with your comment that "fears about the impact of the UK's rapidly growing personal debt may be exaggerated." Other statistics reveal a rapid growth in problems.

Some 142,000 households in England and Wales had their electricity or gas supply dis*connected because of non-pay*ment in the year ending March 1986 (up by 12.6 per cent on the previous year). There were *2.1m debt claims in the County* Courts in 1985 (up from 1.9m in 1982). The amount of credit outstanding at the end of the *year now outstrips new credit* extended. CABx deal with around 500,000 debt enquiries totalling over £500m every year.

The dramatic growth in numbers of debt problems flooding in is forcing CABx to seek extra funding for money advisers from local authorities, and private sources. Where resources are not forthcoming bureaux are having to limit drastically the help given to debtors and in some cases are reluctantly turning them away without the practical advice and support they desperately need.

G. S. Bishop,
115-123 Pentonville Road N1.

Changes in insurance

From Mr P. Parker

Sir,—As 1987 eases its way towards the appointed day we are being ushered into the greatest change ever in insurance industry practice and, like most changes, not for the better. The initial advantage will be with the tied agents or salesmen, if only because of the large numbers involved. The smaller independents might be able to struggle for a while but *perhaps will succumb if they* do not unite with others to form a force which can stand the pressures and, of course, the fees. What an outlook with the majority of salespeople still selling their company's products and probably getting away (as they always have done) with calling themselves brokers.

So the chance of any professionalism gets eroded further with those accountants, solicitors, building societies, banks, in a position to influence insurance unconnected with their original business via their own agencies. Even brokers or registered intermediaries will still be able to circularise policies paid for mostly by insurance companies so what about "best advice"? Well chosen words only for the way they sound.

Will *anyone ever be able to* say what a wonderful achievement? I think Mark Weinberg has had the only success in gaining the greatest number of recruits to the direct selling organisations.

All this kerfuffle and the answer was under the noses of the *Government and has been* for years, but it says it does not want to affect free trading rights!

*How about insurance com*panies being told what is the maximum percentage of commission (and other payments *or perks) that can be paid out* of new premium business in the first 3 years or so and also the maximum which can be paid in renewal as a percentage of the established premium income.

Then if they paid less commission to agents but took full responsibility for their actions we might be getting somewhere. Any "would be salesman" should have to be company trained to ensure he or she knew their limitations and a better trained work force would come about, albeit very slowly.

If this enforced period of in-company training be made obligatory on each change of job the cries of "training them for another company's benefit" would be somewhat stifled.

So then Government, what's wrong with commission controls and legislation leading to more active involvement with the responsibility for what is sold and even an upgrading in the competence, awareness and education of the insurance salesmen? Lower commission would not attract the wide-boy element that has had a very *easy time in the last 3 or so* years and many, we hope, would go back to selling the tangible items where caveat emptor at least has a better chance of success.

The companies want the business — let them be forced to pay the price for calling the tune.

Peter D. Parker.
149 Lexden Road,
Colchester, Essex.

The vanishing *intermediary*

From Mr F. Coning

Sir,—Mr H. Lennon (February 21) covered the basic statement of problems facing independent intermediaries, by enactment of the Financial Services Bill. I am afraid Mr Lennon, however, in common with the general public, is unaware of the minefield that awaits.

The bottom 50 per cent of independent intermediaries earn far less than £20,000 per annum and will by financial necessity be forced into banks, building societies and other direct selling organisations. Some have already taken the salaried route and most of those *with inadequate knowledge and* capability will grasp the straw of salary and preferential mortgage when faced with the new *financial burden.*

After a short training course, they will join the respected institutions and purport to be *financial advisers.* One example is a large and respected institution whose depositors would expect unimpeachable advice. Alas, it is in the insurance business for money and will have a set presentation, irrespective of personal circumstances. The poor clients (many with redundancy money) will note the quality of their advice in years to come.

No wonder Mr Channon has powerful representation from the banks against polarisation. No more rich pickings from access to client accounts—must frighten most banks and building societies. But I am sure they will eventually get round that problem to the detriment of their clients and our industry.

Meanwhile, the real qualified intermediaries and independents with massive technical knowledge and back-up are to receive less for their competent services. Do they cut down on client service time to maintain their income?

The life companies in general depend upon intermediaries for a large amount of their business and seem reluctant to upset the status quo. I suggest they are shortsighted, as other institu*tions are and will, form their* own insurance companies and take both their staff and their business.

The general public which has *supported the deposit accounts* of banks and building societies because they are safe, will not know of the rise of market share taken by life and unit trust investment and not remembering the too risky old boy advice of years past, will be romanced into transferring some of their deposits into the new commission earning investments. Unless backed by sound advice, planning and management, this *could be a sad future for many* investors.

Frank T. Coning,
White Rose Cottage,
Hickleton, Doncaster.

Loading gauges and the tunnel

From Mr A. Paul

Sir,—The decision to build Channel tunnel rolling stock to conform with the less economic UK loading gauge rather than carry out the necessary improvements to the lines between the Channel ports and London will doubtless prove to be another wasted opportunity (Mr Southgate's letter of February 20).

If, however, BR is to attract passengers away from other means of transport it will certainly have to bring the track between London and Dover closer to Continental standards. A recent journey on this line gave me the distinct impression that the train had square wheels and, when it exceeded 50 mph, there appeared to be a considerable risk that it would *leave* the track altogether.

A. Dawson Paul.
2 Russia Row, EC2.

UK COMPANY NEWS

Lloyds rises 25% to £700m

BY DAVID LASCELLES, BANKING CORRESPONDENT

LLOYDS BANK, the smallest of the Big Four clearers, boosted its pre-tax profits by 25 per cent in 1986 to £700m. This result, which was in line with market expectations, was equivalent to a rise of 40 per cent in earnings per share.

Sir Jeremy Morse, the chairman, said that the increase had been achieved despite intense competition.

"This makes room for substantial improvements both in our capital resources and in dividends to shareholders," he added.

Profit after tax was £470m, up 42 per cent. Lloyds' dividend is to be a total of 18p, an increase of 29 per cent. The group's shares rose sharply in the wake of the announcement by 15p to 475p, though the rise was helped by better news on Latin American debt yesterday morning.

The major contribution to pre-tax profit came from Lloyds' domestic operations, which earned £517m—up from £410m in 1985. This 26 per cent rise came from healthy lending margins on UK loan business, as well as from a strong growth in fees and commissions.

Most striking was a 157 per cent rise in earnings at Lloyds Bank Insurance Services from £14m to £36m. The bank's new estate agency business, Black Horse Agencies, earned £5m, up from £1m in 1985, on a total investment of £20m.

Partially offsetting these earnings was a £28m loss from Lloyds Merchant Bank, the group's newly-created investment bank which bore heavy start-up costs in 1986, and a £7m loss on gilts trading.

Mr Brian Pitman, the group chief executive, said: "I am hopeful that we will turn it round this year."

There was also a sharp profit improvement in Lloyds' international business, largely because the bank felt able to make a lower charge for bad and doubtful debts. This amounted to £120m, down from £159m. Total international earnings were £183m pre-tax, up 21 per cent.

Sir Jeremy commented, however, that recent developments in Brazil, which has just interrupted its debt service payments, were "very very disappointing."

It was a serious setback, he said, but nevertheless something that debtors and creditors should be able to resolve. Lloyds has £1.2bn in loans to Brazil.

Lloyds' total balance sheet amounted to £47.8bn at the end of 1986, up from £43.8bn in 1985. Shareholders' equity amounted to £2.8bn, an increase of 19 per cent. This put the ratio of equity to total assets up to 5·8 per cent. Sir Jeremy said Lloyds was still trying to get it back to the 6 per cent level of the early 1980s.

The group's post-tax profits is equivalent to a return of 18.5 per cent on average equity, up from 15.1 per cent in 1985.

Referring to last year's unsuccessful takeover bid by Lloyds for Standard Chartered Bank, Sir Jeremy said he regretted that it had been a contested bid.

"It is a great pity that we were unable to convince them of its merits," he added.

He declined to say whether Lloyds would relaunch its bid after the regulatory 12-month standstill elapses in July. However, he said Lloyds was in a position to take advantage of acquisition opportunities as they arose.

Lloyds was the third of the Big Four clearers to report its results. Midland Bank will be announcing its profits next Tuesday.

See Lex

Underwoods' talks prompt share price rise

BY MIKE SMITH

UNDERWOODS, the high street retailer which joined the USM 15 months ago, said yesterday that it was in talks which might lead to an offer for its equity.

It made the announcement because of a sharp rise in the share price during the morning. The shares finished the day at 237p, up 49p.

The Stock Exchange said that it was looking closely at the share price movement but it was too early to say whether a formal inquiry would be launched.

Mr Brian Kerner Underwoods' chief executive, said that he did not think there had been a leak—"certainly not from our end."

At yesterday's close, Underwoods was capitalised at £65m. Any takeover would have to be agreed as Mr Harry Woolf, chairman, and Mr Kerner together control more than 50 per cent of the equity.

Shareholders in the company include Mr Roger Seelig, a prominent adviser on takeovers, who recently resigned as a director of merchant bank Morgan Grenfell because of the Guinness affair.

Mr Kerner said yesterday that Mr Seelig was still "very much" an Underwoods non-executive director. He said Mr Seelig had a beneficial stake of 61,000 Underwoods shares plus further non-beneficial interests.

Underwoods joined the USM in November 1985 by offering a quarter of its shares. The offer for sale by tender was 22 times oversubscribed at the minimum tender price of 115p and the strike price was set at 180p. Since then, however, the shares have badly underperformed the market.

In the year to January 31 1986 pre-tax profit rose 72 per cent to £2.54m on turnover up 26 per cent at £37.57m. Interim figures last October showed profit up 55 per cent at £1m and turnover up from £16.7m to £20.6m.

Transfer fees hit Tottenham

BY PHILIP COGGAN

Tottenham Hotspur, the only Stock Exchange-listed football club, yesterday announced a pre-tax loss of £1.18m for the six months to November 30 1986, due almost entirely to a deficit on transfer fees.

But Spurs fans, many of whom are shareholders, can sleep easily in their beds. The club's finances are strong enough to avoid a Fulham-style sale to a property company.

Since Mr David Pleat became the Spurs' manager last summer, he has acquired a roster of stars including Nico Claesen, Richard Gough and Mitchell Thomas and since the end of the first half England international Steve Hodge.

Despite sales of assets such as Graham Roberts, the net transfer fee payable was £1.2m (£72,000), wiping out the trading profit of £17,000 (£456,000 loss).

The financial year is a game of two halves and, since the football season runs from August to May, Tottenham traditionally produces a better performance in the second period.

Average gates for the games in this year's first half were up to just over 25,000, from last year's 23,500, and have picked up further since the end of the interim period. The boost to gate receipts was aided by a better performance from the Hummel leisurewear division

Prospects for the second half look encouraging in the light of still improving crowds and a good run in both the Littlewoods and FA Cups. However, the transfer fee account is still likely to be in deficit.

The sale of the Cheshunt training ground brought in a profit of £4.69m which was treated as an extraordinary item and which meant that just over £3.5m was transferred to reserves.

No tax or interim dividend will be paid and the loss per share was 12.9p (5.8p).

The City seemed neither over the moon nor sick as a parrot about the figures, and the shares closed down only 1p at 87p.

Randsworth offer for L and P Shop

By Paul Cheeseright

London and Provincial Shop Centres yesterday bowed out of the property world when the directors recommended that shareholders should accept the cash or loan note alternative of an offer from Randsworth Trust.

Randsworth Trust, which has enjoyed meteoric growth over the past ten months, offered nine of its own shares for every four of L and P or 325p cash or loan notes guaranteed by the Chase Manhattan Bank.

The share offer valued L and P at a total of £71.3m or 440p a share, compared with 328p on the market just before the offer and a closing price yesterday of 340p.

L and P, with a portfolio of properties largely in offices and worth 351p a share, or £56.8m in total, is asset rich in comparison with Randsworth. The deal represents another takeover in the property market in which a developing company has sought to stabilise its financial position by acquiring a solid asset base.

Randsworth came to the USM in 1981 as a plant-hire contractor. Last April, Mr David Holland and some associates (two from Brixton Estates), bought into the company and took over its management. Since then they have sought to assemble development sites and have bought 12.5 per cent of Apex Properties.

Chase Investment Bank is underwriting the offer. The combined asset value of the two companies is 167p a share. Randsworth shares closed down 28 at 163p.

IC Gas details split-up plan

BY MAX WILKINSON, RESOURCES EDITOR

THE BOARD of Imperial Continental Gas Association (IC Gas) yesterday sent details to its shareholders of its plan to divide the company into two, comprising its Calor gas and its Belgian interests.

The proposals, which follow last year's abortive £750m bid by Gulf Resources, the US company controlled from the UK, will be put to an extraordinary general meeting on March 23.

IC Gas would then be divided into the Calor Group, consisting of the Calor gas and oil operations, and Contibel Holdings, which will control the Belgian energy portfolio and any surplus cash and liquid investments of IC Gas.

Existing shareholders would receive one share in each of the Calor Group and Contibel for each ordinary share in IC Gas.

Mr Brian Wilmot, the finance director, said yesterday that the directors expected that they would have no difficulty in obtaining the necessary 75 per cent majority for the proposals, especially as they were on the same lines as a re-organisation which had been proposed by Gulf Resources during the takeover battle.

Pro-forma accounts for the two new companies show a forecast after-tax profit for the Calor Group of £43.2m for the year to March, compared with £37.4m for the year to March 1986, with 1987 earnings per Calor Group share at 30p this year.

For Contibel, the after-tax profit for the year to March 1987 is put at £27.2m with earnings per share 13.2p. This is compared with an after-tax profit of £19.5m for the full year ending March 1986 with notional earnings per share of 14.8p.

IC Gas said yesterday that the re-organisation was being proposed because income from Belgian operations was no longer needed to fund the expansion of Calor; because the two groups could better be developed separately; and because separation would make it easier for the stock market to make a proper valuation of the businesses.

Cole fails to win seat on board of Buckley's

By Nikki Tait

MR TONY COLE's attempt to win a boardroom seat at small Welsh brewery Buckley's was yesterday rebutted by an overwhelming show of support for existing directors.

More than 100 people piled into Llanelli's Thomas Arms yesterday morning, expecting to see the former stockbroker whose Bestwood group has built up a 27.6 per cent stake in Buckley's, attempt to oust Mr Jasper Clutterbuck, a Whitbread director, and win a boardroom place for himself.

Whitbread and Whitbread Investment Company together hold another 27 per cent of Buckley's shares and Mr Cole claims there is a conflict of interest.

But barely had shareholders settled down for the specially-requisitioned meeting when Mr Griffith Philipps, Buckley's chairman and partner in Welsh stockbroker Lyddon & Co, "declared that the resolution proposing Mr Cole's appointment could not be put. The Bestwood camp, he explained, had forgotten to give the required written notice.

So that left the second motion—to remove Mr Clutterbuck. After a lengthy pause, a seemingly-stunned Mr Cole proposed it—and then remained mute as Mr Philipps asked for questions.

Minutes later voting was under way: the result showed 4.28m votes (28 per cent) in favour of Mr Clutterbuck's removal and 9.3m (61.5 per cent) against—an impressive 90 per cent turnout, including proxies. An indicative, though non-binding, vote on Mr Cole's appointment brought a similar response.

Later Mr Colin Thomas, managing director of Buckley's said that he hoped Mr Cole "would leave us alone." The furore, he added, was hindering expansion plans and wasting management time.

Mr Cole, meanwhile, had downed his first pint of Buckley's best and was quite composed.

"I'm a little surprised they used a slim procedural tactic," he commented. "My lawyers are looking into it."

As for his threatened letter to the Office of Fair Trading, complaining about the Whitbread "umbrella," "that is ready and signed — it will probably go off this afternoon." Yesterday evening, the OFT was still waiting.

As for Mr Cole's future plans — either a full bid or another boardroom assault—he merely smiled and said "all options are open."

On one point the two sides agreed.

"This is only round one," declared Mr Cole. "The end? I fear not," sighed Mr Philipps.

Capital Radio shares buoyant on first day

By Alice Rawsthorn

CAPITAL RADIO, London's independent radio station, watched its shares soar to a healthy premium yesterday on its first day of dealings on the stock market.

The shares began the day at an instant premium, 23p higher than the offer price of 105p. During the morning, the shares rose to 132p, but slipped slightly on profit-taking to end the day at 131p. Thus, shareholders in Capital saw the value of their holdings increase by 25 per cent in a single day.

The buoyancy of trading in Capital was not unexpected given that its flotation was so well received. Capital issued 3.9m shares, but received applications from members of the public and staff for 221.2m shares. The issue was thus 57 times subscribed.

The publication of the Government's Green Paper on the future of radio two days ago — which proposes the liberalisation of the existing independent radio network, together with the introduction of national commercial and community radio stations—met with a cautious response in the City. But analysts' misgivings failed to dampen investors' enthusiasm for the company.

Mr Nigel Walmsley, Capital's managing director, expressed his pleasure at the first day of dealings and said that the Green Paper's proposals offered lots of "opportunities" for the company.

The shares of the other publicly-quoted radio stations—Clyde, City and Piccadilly—all fell yesterday, having risen earlier in the week ahead of Capital's debut.

Malletts placing

Malletts, a London-based antiques dealer, hopes to join the stock market later this year via a placing.

The group, which was founded in Bath in 1865, specialises in 18th century and Regency antiques and has offices in New Bond Street and Bourdon House, off Berkeley Square.

Sedgwick ahead 9% as US presence increases

BY NICK BUNKER

Sedgwick Group, Britain's biggest quoted insurance broker, has reported pre-tax profits up 9 per cent to £135.5m in 1986, after achieving what it called its "strategic goal" of a nationwide presence in the US.

Earnings per share grew 2.3 per cent to 21.9p. Mr Carel Mosselmans, group chairman, said Sedgwick was proposing a final dividend of 8p per share. The group's share closed 13p up at 334p.

The growth in the pre-tax profit was achieved on turnover up 10 per cent at £583.7m. The figures contained only two months from the Crump Companies in the US, whose acquisition was completed in November.

Expenses grew 12 per cent to £504m. Mr Mosselmans said this included a doubling in the cost of Sedgwick's errors and omissions insurance from £10m in 1985 to £20m last year.

He stressed that Sedgwick did not face any significant financial loss arising from litigation against one of its subsidiaries over a refusal by insurers to pay a $62.2m claim for a storm damaged oil rig in the Canadian Arctic.

Sedgwick Limited, the group's main Lloyd's broking subsidiary showed broking revenue up 13 per cent in sterling terms at £217m, with underlying growth of 17 per cent.

Insurance broking for the oil and gas exploration industry continued to make "a significant contribution" to profit in spite of the industry's recession and low oil prices. But Sedgwick said the continuing contraction of the world's shipping market put pressure on the profitability of its London trading companies.

In North America, Sedgwick's subsidiary the James Group showed an underlying brokerage growth of more than 20 per cent, but a strong pound reduced the impact of this on group results. There were also "clear signs" that premium rates were levelling off in the US, Mr Mosselmans said.

The E. W. Payne companies, which together form the world's second biggest reinsurance broker, recorded "excellent results," with reinsurance income up 12 per cent in sterling terms with underlying growth of 21 per cent.

● comment

With earnings per share rising so marginally, the market's decision to bid Sedgwick up 13p looked unwarranted. Cynics could reasonably deduce that Sedgwick (which takes 47 per cent of turnover from the US) was benefitting from forecasts of a sterling crisis after an inconclusive British general election. Pre-tax, Sedgwick did scrape in above the best forecasts of about £133m; but several negative factors produce a forecast of earnings per share rising to only about 23.5p, rating the group at a p/e of 14, identical to its more attractive rival Willis Faber. Sedgwick's expenses growth was contained to 12 per cent, but this was due mainly to currency factors. Sullivan Payne, the US reinsurance arm, has reported excellent results, but in New York the word is that rate increases are almost over (to a lesser extent, the same problem applies to Fred S. James). Investment income could also be hit by changes in premium-payment deadlines at Lloyd's of London.

Sale Tilney moves up 26%

BY ALICE RAWSTHORN

SALE TILNEY, the food, finance and technology group, yesterday unveiled a 26 per cent increase in pre-tax profit to £5.17m. The growth was achieved despite a poor performance from the food division.

During the year to November 30, Sale Tilney expanded its activities in the financial services sphere with the acquisition of R. L. Stott, an Isle of Man-based stockbroker, and R. J. Temple, an investment and financial planning consultancy. This expansion was reflected in the division's profits, which rose to £2.01m (£960,000).

Mr Richard King, the company's chairman, said that the new acquisitions had been successfully digested and were performing well. Sale Tilney was keen to expand its financial services activities further and hoped to conclude an acquisition within the insurance broking field.

The technology division, buoyed by growth within both lighting machinery and electrostatic lubrication equipment, fared well. Its contribution rose to £3.79m (£2.24m).

Foods suffered because of intense competition within its core markets: jams, pickles, relishes and cereals. The division tumbled from profit of £898,000 into a loss of £631,000. The rationalisation of food production had now been completed, however, and costs had been cut. Mr King said that margins began to improve at the beginning of the current year.

Turnover across the group rose to £86.2m (£68.23m(. Taxation deducted £1.58m (£1.63m) and minorities £88,000 (compared with a contribution of £76,000). Earnings per share increased to 19.2p (16.7p) and the board proposed to pay a total dividend of 8.0p (6.5p).

Mr King expressed confidence in the company's prospects for the current year.

● comment

Sale Tilney has not been one of the most visible of industrial conglomerates. This invisibility is reflected in the performance of its share price, which has been distinctly pedestrian for thet past two years or so. Yet a surge in pre-tax profit, combined with bullish forecasts for thet future, added a fillip to the share price yesterday and it rose by 14p to 260p. Both financial services and technology have made the most of buoyant market places. Foods, however, is more preblematic. The combination of cost-cutting and margin retrenchment should steer thet division back to a modest profit this year, but competition is as intense as ever and the outlook scarcely cheering. With profit of £6.5m in prospect for the current year, the shares on a prospective p/e of 12 may move with the market.

Brookmount buys Atholl Land and doubles portfolio

BY JANICE WARMAN

BROOKMOUNT, a property developer, is to double its investment portfolio to £27.7m with the £7.7m acquisition of Atholl Land from a subsidiary of British & Commonwealth Holdings.

It will issue 2.15m new ordinary shares, which will take B & C's holding in Brookmount to 21.7 per cent through its wholly-owned subsidiaries, Bricomin Investments and Gartmore Investment Management, which manages two investment trusts.

The Atholl group owns a portfolio of investment properties valued at £14.6m, mainly in Scotland. These include a district shopping centre in Glasgow, retail and office developments in Coatbridge and Edinburgh, and an industrial estate in Thame, Oxfordshire.

The group's net asset value at June 30, 1986 was £8.3m and its net property income for the year was £1.12m, with pre-tax profit of £344,000.

Mr Harry Sproule, managing director, said that the acquisition was intended to strengthen Brookmount's investment portfolio, give it greater regional diversity and to acquire B & C as institutional investors. It would enable the company to push ahead with further developments.

"At the moment we are having to spread the risk with joint schemes," he said.

The directors believe there would be scope for improving the return on Atholl's properties by rent reviews and reversions.

Brookmount has recently completed developments at Cambridge and Mayfair, London, with Trafalgar Brookmount, a company owned jointly with Trafalgar House.

Suter takes over 12% in Metal Closures

Suter, the fast-growing engineering conglomerate, has bought a 12.3 per cent stake in Metal Closures, the metal and plastic caps manufacturer in a deal worth around £5.3m.

Profits at Metal Closures have been hit in recent years by the effect of the declining rand. Around half of the company's pre-tax profits of £3.9m in the last financial year came from its 77 per cent owned South African subsidiary.

In May, Metal Closures was involved in abortive bid talks with John Waddington, the packaging and printing group. Metal's South African interests were the major stumbling block to this merger.

Mr David Abell, Suter's chairman, said yesterday that he did not rule out a bid for the Metal Closures group. The companies had similar interests in packaging, and he was keen to improve the contribution that packaging made within the Suter group.

Just over 1.42m shares were bought for cash, at an average price of around 190p, and a further 1.18m were acquired in exchange for Suter shares, on the basis of four Suter shares for every five Metal Closures. The share exchange was arranged with clients of a single firm of stockbrokers. Any bid on the same terms would value Metal Closures at £44m.

Metal Closures' shares closed up 12p at 218p.

WEETABIX is an independent company, not a subsidiary of Nabisco, as stated in yesterday's story on Avana Group.

Hawker arm in US deal

BY JANICE WARMAN

Hawker Pacific, a US subsidiary of Hawker Siddeley Group has acquired Los Angeles-based Flight Accessory Services for $9.24m (£6m).

FAS, which has facilities in Miami and Amsterdam, services airline and air freight operators throughout the US. It also services and repairs helicopter flight-control systems in South America, Europe, Asia and the US.

Mr Chris Ryland, managing director of Hawker Pacific, said the acquisition was an important step in expanding the company's role in the airline support market, which in the US alone was worth more than $150bn.

This is Hawker Pacific's second US acquisition in six months. It bought West Coast Propeller Sales and Service Inc in September 1986 for $1.54m.

The parent group, the electrical and mechanical engineer Hawker Siddeley, has spent $159.2m on US manufacturers of instruments and electronic controls in the past 10 months. It made a cash offer worth $30.8m for Clarostat Manufacturing, a New Hampshire manufacturer of electrical components, earlier this month.

Unigroup rises midway and making acquisition

Unigroup lifted its first-half pre-tax profit from £213,000 to £356,000, helped by exceptional income relative to supporting Golden Pharos Wood Industries in setting up production facilities in Malaysia.

And it is to acquire the 71.2 per cent of Golden Pharos not already owned, subject to shareholders' and the Malaysian authorities' approval. Initial consideration will be the issue of 1.25m shares, plus further shares which will realise £1m for the vendors when placed.

Additional consideration of up to £4.25m may be payable based on the making of a taxed profit of £4m in aggregate in the year ending April 30 1991. In the year ended June 30 1986, its net profit was £448,000.

In the six months, turnover of Unigroup rose from £3.25m to £5.98m, with £500,000 being exceptional. Trading profit moved up to £488,000 (£215,000) and associates to £83,000 (£43,000), while interest charges increased to £215,000 (£51,000).

The directors reported that clothing division experienced an excellent period, while the building products, CD (UK) and Security Shutters continued to make good progress.

Prestige Doors, the hardwood timber products subsidiary, broadened its customer base, and expected further progress as a direct result of the increased availability of supplies at competitive prices from the expanded manufacturing activities in Malaysia.

Mr Maurice Miller and Mrs Gabrielle Tate have resigned from the board on joining Whittington Engineering—Mr Miller as executive chairman. Both will retain their shareholding in Unigroup, and Mr Miller will continue to act in a consultative capacity.

When the acquisition of Golden Pharos is completed, Mr Peter Yeoh, chairman and managing director, will become a director of Unigroup.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‖§	F.P.	30/1	87	65	‡Avesco (Reg) 1p	87	+1½	L0.5	6.6	0.8	22.3
‖§	F.P.	—	63	37	‡Border TV	57xd	+1	†g2.5	3.2	6.2	14.3
125	65	3/4	119½	104	British Airways	110	......	R6.0	2.4	5.0	9.6
105	F.P.	—	129	127	Capital Radio 10p	131	......	W5.0	1.8	5.4	14.2
§110	F.P.	20/3	133	123	Dale Group 10p	128	......	R4.5	2.6	5.0	11.1
§125	F.P.	—	136	134	‡Forward Group 5p	134	−2	U2.2	3.2	2.3	17.9
§94	F.P.	6/1	121	107	‡Gaynor Group 10p	119	−1	L2.67	2.8	3.2	16.0
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	28	−1	10.1	12.4	0.5	22.5
§70	F.P.	—	88	80	‡Hewetson 10p	88	+1	R2.7	2.1	4.3	15.8
§100	F.P.	14/1	121	88	‡Hornby Group 5p	96	+6	R3.195	2.8	4.7	10.9
§128	F.P.	30/1	182	146	Huskyns Group 5p	181	−1	u1.6	4.7	1.2	24.2
††	F.P.	—	130	120	‡Image Storage 50.01	125	......	—	—	—	—
§144	F.P.	23/1	165	144½	MIL Research 5p	165	+1	R3.0	3.4	2.6	16.0
§102	F.P.	—	121	104	‡Mayborn Group 5p	116	+1	R3.2	3.0	3.9	12.1
150	75	—	78	75	Mezzanine Tst. Inc.	77	......	a10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	50	......	a10.4	—	11.7	—
‖§	F.P.	—	53	52	Multitrust	53	+1	—	—	—	—
§100	F.P.	—	109	101	Paribas French Inv. Tst.	108	......	—	—	—	—
§120	F.P.	—	131	127	‡Prism Leisure Corp 10p	127	−2	R4.26	2.25	4.7	12.0
§100	F.P.	7/4	152	120	‡Sanders & Sidney 5p	145	−1	R4.26	2.0	4.1	16.9
—	F.P.	—	106	97	Scot. Inv. Tst. Warrants	101	+1	—	—	—	—
§90	F.P.	—	101	99	Sinclair Goldsmith 10p	99	......	R2.2	2.7	3.0	16.5
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	......	u3.5	3.0	2.7	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
§100	£50	15/5	52¾	41½	Mid-Sussex Water 11% Red Deb 2012-16	52¼	......
—	F.P.	—	100¼	100	Nationwide 10 1/2% Bds. 15/2/88	100¼	......
¶¶	F.P.	—	123p	110½p	P. & O. 6¾% Cnv. Red. Prf.	123p	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
310	Nil	16/3	78pm	65pm	Anglia TV	72pm	−1
170	Nil	3/4	95pm	40pm	Burgess Products	95pm	+9
480	Nil	27/3	93pm	48pm	Cookson 50p	76pm	+1
137	Nil	27/3	39pm	14pm	Wiggins Group	38pm	......

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▇ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Arbuthnot Gvt¶ 2nd int	2.5	April 15	2.5	—	10
Baillie Gifford S N	0.2	May 1	0.45	—	—
T. F. Braime	3	—	2	4.5	3.5
Brit Assets Tst...1st qtr	0.58	Apr 24	0.48	—	2.05
Highland Elect ......int.	1	—	1	—	2.5
Lloyds Bank	11.75	Apr 3	9*	18	14
Ruo Estates	4	—	4	7	7
Sale Tilney	5†	May 29	4	8	6.5
Sedgwick Group	8†	May 1	7.75	12	11*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout.

COMPANY NEWS IN BRIEF

RIVER PLATE and General Investment Trust achieved earnings of 9.24p for 1986 (8.64p) and is paying a net dividend of 9p (8.5p), with a find of 6.8p. Net asset value at December 31 was 346p, against 327.9p at June 30 and 278.7p a year ago. Net revenue came to £1.46m (£1.36m), including franked dividend income £1.87m (£1.69m).

GOODWIN (engineering and metal processing). — Pre-tax profits fell from £352,843 to £63,654 in half-year to October 31 1986 on turnover down from £4.88m to £4.02m. Tax took £21,188 (£141,137). Stated earnings per 10p share were lower at 0.55p (2.94p).

RUO ESTATES HOLDINGS (tea estates)—Pre-tax profits £1.43m (£1.55m) for year to June 30, 1986. Turnover £2.92m (£2.97m); operating profit £1.72m (£1.21m); share of profit of associated company £36,822 (£3,767); investment and other income £214,553 (£336,952); tax £691,049 (£687,911). Total dividend unchanged at 7p net with same-again final of 4p.

RELIANT Motor expects to record a profit and pay a dividend for the year to September 1987, according to Mr John Nash, chairman, speaking at the AGM.

BAILLIE Gifford Shin Nippon (investment trust): Net asset value 83.5p (65.5p) and final dividend 0.2p (0.45p) for year to January 31 1987.

SUTCLIFFE, Speakman has sold its brick press division to Herbert Alexander, a subsidiary of Hepworth Ceramic, for an immediate consideration of £344,000. Proceeds from the sale will be used to reduce group borrowings.

INTL. COMPANIES and FINANCE

St-Gobain meets its shareholders

BY DAVID HOUSEGO IN PARIS

THE NEW face of popular capitalism in France went on show yesterday when Saint-Gobain summoned shareholders to its first general assembly since its privatisation.

The glass and materials group hired the Zenith, the largest "pop" concert hall in Paris, to accommodate almost 4,000 shareholders who turned up for a meeting aimed mainly at voting in the new board and giving the company the power to raise fresh capital.

Mr Jean-Louis Beffa, the chairman, stepped on to the floodlit stage to the closing bars of a *filmed portrait projected* across two giant screens as though presenting himself as a candidate at an American presidential convention.

The Government has long intended that privatisation should be the occasion of a *widening of the share-owning* class in France. The organisation of yesterday's gathering—with the circularising of the group's new 1.5m shareholders—showed some of the perils of the operation. Paribas, the investment bank, which now has *3.8m shareholders, is likely to* have an even more difficult task.

Saint-Gobain had well over 100 pretty young hostesses to greet the new shareholders in a tented entrance hall that had been set up next to the Zenith.

Company officials said that the cost of the operation was FFr 2-3m, but Mr Beffa declined to give a figure in answer to anxious shareholders' questions.

He said the operation had been "relatively costly" but "indispensable."

The good news *for* shareholders, who arrived with the comforting knowledge that they *have* made a capital gain of 32 per cent in the two months since the public offer, was the confirmation that last year's net consolidated profits (excluding minority interests) almost doubled to FFr 1.43bn ($236m). Turnover rose by 11 per cent to FFr 75.3bn, largely because of new acquisitions.

Mr Beffa declined to launch into forecasts for this year except to say that he expected *profits to be up again. In* terms of dividend policy he said he intended the payment to be in the upper average of similar companies quoted on the Paris bourse.

He faced his most persistent questioning from shareholders' *associations irritated that small* shareholders have no representation on the new board, whereas three seats have gone to employees. Mr Beffa said that the board as a whole was there to represent individual shareholders, but that he would consider *drafing somebody with a* legal background who would have a "moral" responsibility for individual investors. He explained the employee representation on the board as part of the group's policy towards motivating its staff and *encouraging participation.*

Jean-Louis Beffa: Expects profits to be up again

Many of the shareholders who arrived for yesterday's meeting were close to retiring age or retired.

The group has, however, carried out a poll of its new shareholders which was read to the gathering and presented a somewhat different profile.

Of the French shareholders, some 6 per cent or 100,000 are under 25, while 31 per cent or 500,000 were purchasing a share for the first time. About 150,000 shareholders or 9 per cent of the total held shares before St-Gobain was nationalised—meaning that one in two of the company's shareholders prior to 1981 have returned to the fold.

Conforming more to the expected trend, 82 per cent of shareholders are men and 60 per cent of them over 50. Almost half the new shareholders said they had bought St-Gobain stock because they regarded it as a "blue chip."

The company got authorisation yesterday to raise FFr 4bn through bonds and FFr 2bn through new share capital, either by incorporating reserves or through a new issue. Mr Beffa said that the company had no firm projects in mind and that the procedure was normal.

Giving more details of results, the company said that its civil engineering division had continued to make losses which amounted to FFr 400m.

For the group as a whole, cash flow of FFr 5.2bn had exceeded investments of FFr 3.8bn, thus permitting a further decrease in debt.

A$120m issue by National Australia Bank

By Our Euromarkets Editor

NATIONAL AUSTRALIA Bank is to raise about A$120m through an international placement of 22m ordinary stock units managed by Swiss Bank Corporation International.

The placing, the first international equity issue by an Australian bank, is expected to take place in the second half of March, when the pricing will be set. It will be distributed among European, Canadian and Japanese investors.

● National Australia is meanwhile to enlarge its 74 per cent owned Broadbank unit in New Zealand by injecting local finance house and merchant banking offshoots owned by itself and Government Life Insurance, the other shareholder. Broadbank will seek a New Zealand banking licence.

● McCaughan Dyson, the Melbourne stockbroker half owned by ANZ Bank, is to take a 50 per cent stake in Whiteman & Co, an Auckland broking firm.

Montefibre profit up 32% but sales slip

MONTEFIBRE, the synthetic fibres subsidiary of Italy's Montedison group, has announced a 32.2 per cent *jump in its 1986 net profit, to* L49.2bn ($30.9m). Montefibre said its consolidated 1986 profit was L55bn, the first time it had given such a figure, writes Alan Friedman in Milan.

Turnover was 9 per cent down at L930bn. The decline was attributed in part to the weakness of the US dollar against the Italian currency. Some 46 per cent of sales were in Italy, with a further 30 per cent in Western Europe.

Strong third-quarter advance by Kyocera

KYOCERA, Japan's top maker of semiconductor units, showed consolidated net earnings in the third quarter to December, up 90.2 per cent to Y4.75bn ($31m), AP-DJ reports from Tokyo

Sales grew 7.3 per cent to Y69.07bn yen.

Overseas sales rose 11.9 per cent to represent 51 per cent of the total.

Earnings surge at SHK Properties

SUN HUNG KAI Properties, the expanding Hong Kong group which this week agreed to buy a HK$1.36bn (US$ 174.4m) sites portfolio from Hongkong Land, yesterday reported net profits more than doubled to HK$534.1m in the half-year to December compared with HK$257.9m, Our Financial Staff writes.

The interim dividend is raised from 26 cents to 38 cents, and the company then plans a two-for-one share split.

Rise at Toronto-Dominion Bank

BY BERNARD SIMON IN TORONTO

TORONTO-DOMINION Bank, the most profitable of Canada's big six banks, has cautioned that a sharp jump in first quarter earnings is unlikely to be repeated later in the year.

TD lifted net income to C$128m (US$96.2m) or 82 cents a share, in the three months ended January 31, from C$90.9m or 67 cents a year earlier. Return on assets rose from 0.76 per cent to 0.96 per cent, the highest return achieved by a *major Canadian bank in recent* years.

Although the bank said that "the trend in basic earnings continues to improve," it ascribed the rosy first quarter results largely to an acceleration of several large transactions with US customers ahead of the tax reforms introduced earlier this year, and to significant interest payments from the settlement of non-performing loans.

TD said that loans worth *C$850m are affected by Brazil's* suspension of interest payments. Interest on these loans accrues at about C$6m a month, with accrued interest totalling C$9m on January 31.

Total non-performing loans were C$1.1bn at the end of the quarter, C$179m lower than three months earlier. Thanks to an improvement in the bank's private sector loan portfolio, TD has reduced its estimate of loan losses to C$350m this year *—22 per cent lower than 1986.*

NMB boosts net income by 21%

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS' third largest bank, Nederlandsche Middenstandsbank (NMB), lifted net income by 21 per cent to Fl 194m ($94.2m) in 1986 from Fl 160m the year before thanks to lower provisions for bad loans.

Provisions for general loan losses were trimmed by 7 per cent to Fl 525m from Fl 565m, due to a healthier loan portfolio. Reserves for country risks, however, were raised by an unspecified *amount.* NMB has been expanding its activities in South America and the Middle East in recent years.

Revenue rose 8 per cent to Fl 2.18bn last year from Fl 2.01bn, mostly on a 10 per cent increase in interest income to Fl 1.58bn as interest rate margins widened. Commission income also climbed 10 per cent to Fl 424m, fuelled by investment and securities activities as well as overseas operations.

Expenditures jumped 12 per cent to Fl 1.4bn from Fl 1.25bn, chiefly because of a 14 per cent surge in staff costs to cover more employees and one-off labour charges. Higher costs of *automation and outside contractors* also boosted expenditures.

Gross profit edged up only 1 per cent to Fl 771m

The balance sheet expanded by a modest 2 per cent to Fl 71.5bn at the end of 1986 as growth in business volume more than offset the negative influence of the lower dollar.

An unchanged dividend of Fl 8.50 a share was declared for 1986.

NMB is the second of the leading Dutch banks to report its 1986 results. Amsterdam-Rotterdam Bank also posted 22 per cent higher earnings on lower loan-loss provisions.

Pierson, Heldring & Pierson, the merchant bank owned by Amro, announced yesterday that its net income soared 66 per cent to Fl 84.8m on robust growth in business.

Banco Hispano Americano to double its total payout

BY DAVID WHITE IN MADRID

BANCO *Hispano Americano,* Spain's third largest bank, is to double its total payout to shareholders after resuming dividends last year. The bank proposed a final dividend of Pta 35, bringing the total to Pta 60 per Pta 500 nominal share.

Consolidated 1986 earnings for the group improved by 67 per cent to Pta 22.17bn ($173m) before tax. Pre-tax profits for the parent bank were 58 per cent up at Pta 13.02bn, while its industrial banking arm, Banco Urquijo Union, "ceased to be a cause for concern" by turning in profits of Pta 1.04bn after narrowly breaking even before tax the year before.

Problems at Urquijo Union, which required a rescue operation backed by the main Spanish banks, forced Hispano Americano to take the unprecedented step of omitting its dividend two years ago.

The parent bank attributed its improved operating results to an increase in its lending volume, especially to individual clients, and reduction in financial costs. It also said it had recovered Pta 8.43bn-worth of credits that were already provided for as bad risks, 18 per cent more than the previous year.

Provisions and set-asides, including those for pensions, were 23 per cent higher at Pta 41.4bn.

Dividend cut at Mitsubishi Petrochemical

MITSUBISHI Petrochemical, *Japan's largest petrochemical* company, reports pre-tax profits of Y9.84bn ($64.3m) for last year, down 24.6 per cent, and the dividend is to be cut by Y1 to Y5 a share, writes our Tokyo Staff.

Net profits of the company, in which Shell has a 16.6 per cent stake, fell 7 per cent to Y4.29bn, on turnover down 26 per cent to Y274.1bn.

For 1987 it expects the business environment to pick up. Sales are projected to recover slightly to Y280bn while pre-tax profits are expected to surge by 42 per cent to Y14bn, thanks to a continued improvement in its financial position. It is not planned, however, to restore the cut in dividend.

Sweden cracks down on insider trading

BY SARA WEBB IN STOCKHOLM

SWEDEN IS preparing to crack down on insider trading in rela*tion to corporate takeovers with* proposals for new legislation and plans to set up a special committee to investigate suspected cases.

Existing legislation has too many loopholes and does not allow the Bank Inspection Board — which regulates the capital markets in Sweden — to catch those suspected of insider trading.

The Ministry of Finance says its proposals for new legislation —based upon Bank Inspection Board recommendations — will *be announced by the end of* March. They will then go before parliament and could become law by July 1.

Existing legislation makes it illegal for insiders in both the bidder and target companies to trade in the company shares once the decision to make a takeover bid has been reached by the board.

Mr Göran Svensson, who is in charge of Bank Inspection Board investigations into insider trading, wants the restrictions to *apply to the period* before the formal decision is taken.

"As soon as the representatives of the two companies have met each other and discussed a takeover, they should not be allowed to buy shares. The legislation should be effective *from that preliminary step,"* he says. The Finance Ministry is keen to implement this change.

The new legislation could also cover people suspected of acting as nominees.

Two Japanese tyre makers in reverse

BY YOKO SHIBATA IN TOKYO

BRIDGESTONE and Sumitomo Rubber, Japan's two major tyre makers, experienced *slower sales* and profits last year, affected by the erosion of export profitability caused by the yen's rise, and by a decline in new tyre prices for domestic carmakers.

To counter a severe new climate created by Japanese car makers' shift of output overseas, the tyre makers are expanding other businesses as well as boosting their own output abroad.

Bridgestone is diversifying into property development, building condominium units in *Tokyo for foreign residents.* The company is also studying tyre production in the US. Sumitomo Rubber has established an *American base through its take*over of US Dunlop. However, these measures will take some years to generate tangible effects on earnings.

Bridgestone, which has half the Japanese tyre market, reported pre-tax profits of *Y39.38bn ($257.2m), down 1 per* cent. Net profits of Y15.29bn were off 11 per cent, on turnover of Y547.89bn, a drop of 8 per cent.

Lower material costs failed to offset factors such as a fall *in its exports* to the Middle East and deteriorating profitability on its shipments to the US.

For the current year, Bridgestone projects its pre-tax profits at Y42bn, up 1 per cent, on static turnover of Y550bn.

Sumitomo Rubber, an unquoted company, showed pre-tax profits of Y3.46bn, down 8 per cent. Net profits at Y1.43bn *were 12 per cent lower, on turn*over of Y190.5bn, down 5 per cent. The setback was attributed to a 20 per cent fall in tyre exports

Pre-tax profits for the current fiscal year are projected at Y3.2bn, down 7.5 per cent, on unchanged turnover of Y190bn.

● Isuzu Motors, the General Motors truck-making affiliate in *Japan, slid into a consolidated* net loss of Y11.86bn for the year to October. This is nearly three times the Y3.98bn after-tax deficit previously reported for the parent company alone, and reflects the difficulties in export markets brought on by the *rising yen.*

The consolidated figure compares with Y16.47bn net profits the previous year, and came on sales down 1.7 per cent to Y1.120bn, GM, which owns some 34 per cent, has been assisting Isuzu's expansion of its car division.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	*$1400/420*	*+40*	*$1210/1230*	*$1400/1450*	*$1150/1170*
Antimony					
Free Market 99.6%	$2320/350	+5.0	$2675/2725	$2730/2780	$2250/2300
Copper-Cash Grade A	£913.5	−22.0	£970	£1028.5	£862.25
3 months Grade A	£921.25	−11.25	£995.25	£1059.25	£881.25
Gold per oz	$405.6	+5.75	$338.5	$439.375	$327.5
Lead Cash	£292.5	−8.75	£254.5	£376.5	£233.5
3 months	£293.25	−7.25	£264.75	£337.5	£241.25
Nickel					
Free market	172/192c	—	186/206c	196/216c	156/177c
Palladium	$118.50	+0.40	$102.25	$151.00	$95.25
Platinum per oz	$528.50	+12.75	$391.85	$673.75	$542.50
Quicksilver (76 lbs)	$190/200	+15	$220/230	$250/260	$115/125
Silver per oz	354.10p	−21.5	408.90p	452.10p	317.70p
3 months per oz	363.60p	−1.90	418.65p	466.25p	325.60
Tin					
Free market	£4,350/380	−90.0	†	£5900/6250	£3,420/450
Tungsten Ind	$44.61	—	$68.62	$69.74	$41.44
Wolfram (22.04 lb)	$40/48	+2.0	$56/63	$56/63	$32/42
Zinc cash	£475	−11.5	£415.5	£632.5	£409
3 months	£471.5	−8.0	£423.5	£621.75	£419.25
Producers	$770/790	—	$660/703	$920	$650/670
GRAINS					
Barley Futures May	£116.00	−0.65	£116.00	£118.85	£96.60
Maize French	£143.50	—	£145.5	£154.00	£130.00
WHEAT Futures May	£118.70	+0.25	£118.40	£121.45	£98.50
SPICES					
Cloves	$3,600	−75	$3600	$4,850	$3,700
Pepper white	$5,675	−75	$6400	$6,400	$4,600
black	$4,575	−25	$4250	$4,300	$3,600
OILS					
Coconut (Philippines)	$380x	−25	$320	$470	$200
Palm Malayan	$310v	—	$280	$405	$197
SEEDS					
Copra (Philippines)	$260y	—	$200	$300	$140
Soyabeans (U.S.)	$137u	−1	$219.75	$229.8	$157.5
OTHER COMMODITIES					
Cocoa Futures May	£1333	−9.5	£1600.5	£1,804.5	£1,264.5
Coffee Futures May	£1556.5	+45.5	£2460	£2,037.5	£1,453.5
Cotton Outlook A Index	64.65c	−0.15	54.75c	67.20c	36.35c
Gas Oil Fut. Apr.	$131.00	−13.25	$177	$232.75	$90.75
Jute UA BWC grade	$320	+5	$300	$320	$215
Rubber kilo	61.50p	−1.25	63.5p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$191.5z	+7.5	$146.5	$222.5	$115
Tea (quality) kilo	180p	+8	192p	202p	170p
(low med) kilo	94p	−2	110p	136p	80p
Wooltops 64s Super	427p kilo	+5	438p Kilo	429p kilo	387p kilo

† Unquoted. (g) Madagascar. (y) Feb-March. (v) April. (x) April-May (z) March-April. (u) March.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	878-6	+11	872/871
3 months	849-50	+5	851.5/847

Official closing (am): Cash 871-2 (865-6), three months 849-50 (846-6.5), settlement 872 (866). Final Kerb close: 851-581.5. Turnover: 16,000 tonnes.

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	913.5-4	−9	914.5/909.5
3 months	921-1.5	−9.25	922.5/917

Official closing (am): Cash 910.5-11 (926-6.5), three months 920-0.5 (934.5-5), settlement 911 (926.5). Final Kerb close: 922-922.5.

Standard			
Cash	874-5	−12.5	872
3 months	893-4	−14	—

Official closing (am): Cash 871-2 (890-1), three months 892-4 (910-2), settlement 872 (891). US Producer prices 66.5-70.5 cents per pound. Total Turnover: 41,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	292-3	—	296/—
3 months	293-3.5	−10.75	295.5/293

Official closing (am): Cash 295.75-6 (298.5-9), three months 295-5.5 (298.5-9), settlement 296 (299). Final Kerb close: 294-294.5. Turnover: 4,525 tonnes. US Spot: 24-27 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2450-60	−13	2460/—
3 months	2460-5	−10	2468/2456

Official closing (am): Cash 2,460-5 (2,485-6), three months 2,468-9 (2,485-6), settlement 2,465 (2,486) Final Kerb close: 2,460-2,464. Turnover: 822 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	474-6	−1.75	—
3 months	471-2	−0.25	474/471

Official closing (am): Cash 475-6 (476.5-7), three months 472-2.5 (473.5-4), settlement 476 (477). Final Kerb close: 472-473. Turnover: 9,675 tonnes. US Prime Western: 38.5-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.57 (16.79) ringgit per kg. Down 0.22.

GOLD

Gold gained $1 to $405¼-$405¾ on the London bullion market yesterday. It also opened at $405¾-$405¾, and was fixed at $405.75 in the morning and $405.85 in the afternoon. The metal touched a peak of $407-$407½ and a low of $404-$404½.

GOLD BULLION (fine ounce) Feb. 27		
Close	$405¼-405¾	(£261¾-262¼)
Opening	$405¼-405¾	(£261¾-262¼)
M'n'g fix	$405.75	(£262.672)
Aft'n'n fix	$405.85	(£262.346)

GOLD AND PLATINUM COINS		
Am Eagle	$418½-423½	(£270¼-274)
Mapleleaf	$417½-420½	(£270-272)
Kr'g'r'nd	$407-410	(£263¼-265¼)
½ Krug	$215½-216½	(£139¼-140)
¼ Krug	$111½-112½	(£72-72¾)
Angel	$414½-417½	(£268-270)
1/10 Angel	$41-46	(£26½-29¾)
New Sov.	$97-98	(£63¾-63¼)
Old Sov.	$97-98½	(£62¾-63¾)
$ 20 Eagle	$480-530	(£310½-342¾)
Noble Plat	$544-553	(£351¾-357¾)

SILVER

Silver was fixed 1.6p an ounce lower for spot delivery on the London bullion market yesterday, at 354.10p. US cent equivalents of the fixing levels were: spot 546.75c, down 0.5c; three-month 555.5c, down 0.55c; six-month 564.60, down 0.55c; and 12-month 581.3c, down 0.70. The metal opened at 353-355p (546-548c) and closed at 352½-354½p (546-548c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	354.10p	−1.60	354.0p	−2.5
3 months	363.60p	−1.70	363.0p	−1.5
6 months	372.45p	−2.15	—	—
12 months	389.90p	−2.05	—	—

LME—Turnover: 13 (1) lots of 10,000 ounces.

Large cash high/low 354, final kerb close 362-4p.

INDICES

REUTERS

Feb. 27	Feb. 26	M'th ago	Year ago
1585.5	1582.8	1593.3	1802.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 26	Feb. 25	M'th ago	Year ago
Spot	114.51	114.47	—	127.93
Fut	115.75	115.26	—	132.67

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or −	Business done
April	122.0-125.0	+1.05	—
June	112.0-113.0	−1.00	—
August	110.0-110.5	+0.50	109.5
October	110.5-111.5	−1.25	—
Dec	112.0-113.0	+0.50	—
Feb	114.5-116.0	+0.75	—
April	114.0-120.0	−0.50	—

Sales: 300 (143) lots of 20 tonnes.

COCOA

	Yesterday's close £ per tonne	+ or −	Business done
March	1294-1296	−1.5	1301-1293
May	1333-1334	+1.5	1337-1328
July	1360-1361	+2.0	1364-1357
Sept	1384-1385	—	1389-1388
Dec	1411-1412	+1.5	1414-1406
March	1439-1440	+4.0	1440-1434
May	1458-1459	+3.0	1459-1455

Sales: 3,690 (4,865) lots of 10 tonnes. ICCO indicator prices (SDRs per rose as supplies were scarce. Gasoline

COFFEE

COFFEE	Yesterday close	+ or −	Business Done
Mar	1542-1545	−14.5	1573-58
May	1555-1558	−3.5	1575-49
July	1568-1572	−2.0	1580-60
Sept	1587-1590	−5.5	1601-87
Nov	1605-1611	−9.5	1620-05
Jan	1620-1627	−14.0	1645-25
Mar	1635-1655	−10.0	1655

Sales: 5,730 (4,697) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 26. Comp. daily 1979 119.12 (117.01): 15-day average 114.83 (114.74).

ICCO indicator prices (SDRs per tonne) Daily price for February 27: 1572.59 (1552.14): 10-day average for March 2: 1561.66 (1557.15).

SUGAR

LONDON DAILY PRICE—Raw sugar $191.50 (£124.00), up $8.00 (up £4.50) a tonne for March-April delivery. White sugar $207.50, up $2.50.

No. 6 Contract	Y'sterd'ys close $ per tonne	Previous close	Business done
Mar	—	169.0-170.8	176.0-171.4
May	185.4-185.8	175.8-176.0	185.8-176.0
Aug	186.6-186.0	178.4-179.0	186.0-180.0
Oct	187.2-187.6	181.0-181.4	188.8-184.0
Dec	189.0-191.0	185.0-186.4	—
Mar	192.0-195.0	187.4-188.0	191.8-190.8
May	196.0-196.0	188.0-191.0	—

Sales: 7,909 (5,909) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £229.0 (£225.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 26: Daily price 7.39 (7.31); 15-day average 7.33 (7.34).

PARIS—(FFr per tonne): May 1280/1290: Aug 1320/1330; Oct 1346/1355; Dec 1380/1325; Mar 1410/1418; May 1447/1458.

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Mar	117.60	+0.30	114.20	+0.05
May	118.45	−0.05	116.15	+0.05
July	120.75	—	—	—
Sep	99.00	−0.35	98.15	−0.20
Nov	101.10	−0.35	100.60	−0.30
Jan	104.05	−0.40	103.15	−0.35
Mar	106.35	−0.50	105.15	−0.35

Business done — Wheat: March 118.60-8.00, May 118.70-8.40, July 121.00-0.90, Sept 98.90-8.75, Nov 101.00 only, Jan 103.95-3.80, March 106.25 only. Sales: 381 lots of 100 tonnes. Barley: March 114.20-4.05, May 116.15-6.00, Sept 98.50-8.25, Nov 100.50 only, Jan 103.15 only, March 105.15 only. Sales: 101 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: April/May 93.60, June 97.50, US No 2 Soft Red Winter: March 103.50. French 11½-12 per cent: Jan 142.50. English Feed, fob: March 119.00-120.00, April 120.50-121.00, April/June 121.00-122.00, Sept 100.50-101.00, Oct 102.50-103.00, Oct/Dec 14.00-104.50. Maize: US No 3 Yellow / French transhipment East Coast: Feb 143.50. Barley: English Feed, fob: March 116.50 seller, Peterhead 116.0 buyer, Boston April/June 119.00, Aug 100.00, Sept 101.00 sellers, Oct/Dec 104.00-104.50. Rest unquoted.

HGCA—Herewith today's locational ex-farm spot prices: Feed Wheat: Eastern 115.80; E. Mids 116.50; N. East 115.60; Scotland 115.80. Feed Barley: E. Mids 115.60; N. East 115.70. The UK monetary coefficient for the week beginning Monday March 9 (based on HGCA calculations using three days exchange rates) is expected to remain unchanged.

US MARKETS

In quiet pre-weekend trading, gold futures closed marginally lower on mixed activity, reports Drexel Burnham Lambert. Early trade and local buying dissipated in the face of light overhead resistance. Silver futures rallied on trade and Commission House buying before falling as locals *sold and finally trading in a narrow* range for the rest of the day. Copper futures failed to follow-through on yesterday's reversal and steadied on mixed buying, while platinum futures struggled against trade selling. Crude oil futures attempted to steady in earlier trading but trade and Commission House selling in the face of profit-taking and booksquaring depressed prices as the market continued to reflect an overall bearish sentiment. A very firm expiry of the March sugar futures coupled with good trade and Commission House buying in the May touched off large stops to rally prices despite good produce selling. Cocoa futures were featureless, while coffee futures eased on reports that consumers at the ICO were discontented with results so far. The market appears to be *awaiting the outcome of the ICO* meetings. The grains eased across the board reflecting expected heavy deliveries against the March futures positions. However, news that the US secretary of agriculture was expected to talk on an unannounced subject, coupled with month-end booksquaring and short-covering steadied prices. Cattle futures moved to limit up following earlier deadlines on mixed long-liquidation. A combination of steadier cash prices coupled with end-of-month position-squaring lead to the rally. In both the hogs and pork bellies, steadiness reflected the cattle as well as anticipated cash prices could be firmer than expected next week.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
March	58.10	57.30	57.75	57.30
May	58.90	58.00	58.90	57.60
July	58.80	57.90	57.60	57.60
Sept	57.25	57.00	57.00	56.50
Feb	57.30	56.90	—	—
March	57.25	57.90	—	—
May	57.25	57.90	—	—
July	57.25	57.90	—	—

COCOA 10 tonnes, $/tonne

	Close	Prev	High	Low
March	1857	1850	1863	1853
May	1888	1833	1895	1885
July	1914	1911	1918	1911
Sept	1940	1938	1944	1940
Dec	1965	1962	1967	1965
March	2000	1999	2002	2002
May	2025	2024	—	—

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
March	127.00	127.79	128.00	125.60
May	129.31	130.11	130.10	127.00
July	130.87	131.41	131.70	129.20
Sept	132.73	132.50	133.75	130.75
Dec	133.02	132.83	134.50	133.00
March	134.50	135.50	—	—
May	135.00	136.25	—	—
July	135.00	136.25	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
March	63.40	62.60	63.45	62.60
May	63.40	62.85	63.50	62.90
July	63.45	63.05	63.50	63.00
Sept	63.70	63.30	63.60	63.40
March	64.70	64.30	64.75	64.60
May	65.05	64.65	—	—
July	65.40	65.05	—	—
Sept	65.75	65.40	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	57.53	55.80	57.55	56.25
May	54.60	54.25	54.66	53.35
July	53.52	52.95	53.52	52.40
Oct	52.75	52.25	52.33	51.90
Dec	51.25	51.59	52.25	51.15
March	52.68	52.25	—	—
May	53.10	52.63	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
March	405.4	406.5	406.5	405.4
April	407.4	408.5	409.2	406.3
May	409.4	410.5	—	—
June	411.4	412.5	413.0	410.5
August	415.3	416.4	416.3	414.5
Oct	419.1	420.2	420.5	420.5
Dec	422.9	424.0	424.5	423.0
Feb	426.8	427.9	—	—
June	434.6	435.7	435.2	435.2
Oct	419.1	420.2	420.5	420.5
Dec	447.7	448.8	—	—

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	124.90	125.05	126.20	124.50
May	126.80	125.85	127.55	126.40
July	127.60	127.50	128.30	127.60
Sept	128.15	128.00	128.85	127.85

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
March	542.9	546.0	547.0	542.0
May	543.3	551.6	554.0	549.0
July	555.5	557.8	558.0	555.1
Sept	561.6	563.9	566.0	562.5
Dec	570.7	573.0	575.5	570.0
Jan	573.8	575.1	575.5	573.5
March	579.7	582.0	584.0	580.0
May	586.0	588.3	—	—
July	592.6	594.9	597.5	597.5
Sept	599.0	601.3	—	—

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
March	8.24	7.63	8.30	7.70
May	8.24	7.86	8.25	8.00
July	8.33	8.09	8.34	8.11
Sept	8.35	8.00	8.35	8.30
Oct	8.39	8.12	8.41	8.23
March	8.65	8.43	8.70	8.52

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
April	64.97	63.47	64.97	63.10
June	62.40	60.95	62.45	60.65
August	59.07	58.02	59.45	57.75
Oct	57.92	57.77	59.35	57.00
Dec	57.70	57.10	58.40	56.85
April	57.80	57.70	57.80	57.75

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
April	43.27	42.95	43.55	42.50
June	45.50	45.05	45.90	44.60
July	45.02	44.65	45.40	44.40
Aug	42.17	42.12	42.70	41.80
Oct	38.25	37.87	38.57	37.75
April	36.45	36.20	36.45	36.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
March	147.2	145.0	148.2	144.0
May	153.6	152.0	154.6	151.0
July	157.2	155.4	157.4	154.0
Sept	159.2	159.0	159.6	157.6
Dec	167.2	165.6	167.4	165.0
March	174.6	173.6	175.4	173.0
May	176.6	176.0	177.2	175.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
March	60.63	60.42	61.40	60.15
May	61.20	61.22	62.30	60.77
July	59.70	59.62	60.40	59.15
Aug	57.60	57.67	58.50	57.55
Feb	54.00	54.05	54.25	53.95
March	53.62	53.62	53.85	53.62

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	482.4	481.2	484.0	479.4
May	483.0	480.4	483.2	479.4
July	481.0	478.2	481.6	477.0
Aug	479.2	475.4	479.2	475.2
Sept	470.4	467.0	470.4	467.0
Nov	468.0	462.2	468.4	462.2
Jan	475.2	470.2	475.4	470.0
March	482.0	477.4	482.0	478.0
May	483.0	481.2	485.0	483.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	141.4	140.0	141.5	139.7
May	135.9	135.9	137.0	136.0
July	135.6	134.7	135.8	134.7
Aug	135.5	134.4	135.6	134.5
Sept	134.8	134.0	135.0	134.0
Oct	134.2	133.1	134.2	133.0
Dec	134.2	133.3	134.3	133.3
Jan	134.5	133.8	134.5	133.7
March	135.5	135.4	135.5	135.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
March	15.27	15.26	15.34	15.18
May	15.62	15.61	15.69	15.53
July	15.91	15.91	16.00	15.84
Aug	16.01	16.01	16.09	15.95
Sept	16.15	16.15	16.20	16.07
Oct	16.25	16.22	16.22	16.15
Dec	16.47	16.37	16.52	16.32
Jan	16.42	16.40	16.40	16.45

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	282.6	278.2	285.0	278.0
May	280.0	276.4	281.0	275.0
July	257.6	257.4	259.2	255.4
Sept	257.4	257.0	258.4	256.0
Dec	264.0	263.4	265.4	262.4

SPOT PRICES—Chicago loose lard 15.00 (14.75) cents per pound. Handy and Harman silver bullion 547.0 (545.5) cents per troy ounce.

POTATOES

Month	Yesterday's close £ per tonne	Previous close	Business done
Apr	164.90	161.10	165.00-160.00
May	180.00	178.00	186.00-177.50
Nov	89.50	89.00	
Feb	97.50	97.50	—
Apr	118.00	117.50	119.00-118.00

Sales: 1,059 (1,705) lots of 40 tonnes.

FREIGHT FUTURES

Dry Cargo	Close	High/Low	Prev.
April	829.0	830.0/810.0	808.0
July	695.0-686.0	703.0/686.0	660.0-682.0
Oct.	815.0-816.0	820.0/810.0	805.0-805.0
Jan.	820.0-845.0	832.5/825.0	815.0-822.0
Apr.	820.0-850.0	840.0/835.0	824.0-828.0
July	700.0-730.0	—	680.0
Oct.	810.0-840.0	—	810.0
Jan.	860.0-870.0	—	855.0
BFI.	852.5	—	851.0

Turnover: 460 (322).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 93.82p per kg lw (+1.53); GB—Sheep 181.16p per kg est dcw (+5.04); GB—Pigs 80.22p per kg lw (+4.41).

RUBBER

PHYSICALS—The London market opened unchanged with very little interest throughout the day and closed quiet and slightly easier, reports Lewis and Peat. Closing prices (buyers): Spot 61.50p (62.00p); March 62.25p (62.75p), April 62.25p (62.75p). Kuala Lumpur fob prices (Malaysian cents a *kilo*): RSS No 1 225.0 (226.0) *and* SMR 20 194.0 (same).

FUTURES—Index 619, March 649-659, April/June 655-665, July/Sept 663-673. Sales: nil.

OIL

April Brent traded around 16.30 during the morning but slipped to 16.20 in afternoon trading. Dubai traded early on at around 16.20 for April. April WTI opened 10c down on Nymex and traded 29c down at 1.30 pm EST. In the petroleum products markets gasoil weakened on continued limited prompt buying interest. Prompt naphtha rose as supplies were scarce. Gasoline and fuel oil were quiet. Petroleum Argus London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	*15.95-16.05	—
Brent Blend	16.10-16.20	−0.125
W.T.I. (1pm est)	*16.45-16.50	−0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	171-174	+1.5
Gas Oil	128-130	−3.0
Heavy fuel oil	84-86	—
Naphtha	148-150	+4.0

* April.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business Done
Mar	129.50	−2.50	134.50-29.25
Apr	131.00	−3.25	136.50-30.50
May	131.50	−2.75	136.50-30.75
June	131.25	−2.50	136.00-31.25
July	134.00	—	134.00

Turnover: 4,703 (4,100) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
Mar	88.00	+2.00	—
Apr	79.00	+0.50	79.25-79.00
May	78.00	+1.00	78.00

Turnover: 6 (11) lots of 100 tonnes.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Mild rise in cautious trading

INTEREST SENSITIVE issues provided Wall Street with a mild lift yesterday, but the advance remained cautious amidst growing concern about the economy. The report of a hefty January trade deficit and Thursday's announcement of a sharp decline in durable goods were the inhibiting factors.

The Dow Jones Industrial Average put on 7.31 to 2,223.99, reducing its loss on the week to 11.25, while the NYSE All Common index, at $162.01, rose 60 cents on the day but was off 0.81 on the week. Advances led declines by 861-to-674 in a volume of 142.8m (165.8m) shares—one of the slowest trading days of the year.

"There was a lot of sitting on the sidelines," market analyst Hildegard Zagorski, of Prudential Bache Securities, said. "With all the things happening this week, the Tower Commission report, the G-5 meetings, and the Brazil debt situation, people want to keep a low profile before the weekend."

The trade deficit was quite large but was expected by the market. "But the sharp decline in the durable goods figure may have cast a shadow of doubt on the economy, that may have been the inhibiting factor in this factor in this market again," she added.

Shares of money centre banks recouped some losses after being pounded early in the week after Brazil announced suspension of interest payments on $?8bn of foreign commercial loans. Citicorp, which has the largest exposure to Brazilian debt recovered $? to $53?. J. P. Morgan rose $1? to $45?, Manufacturers Hanover $1 to $45?, Chemical New York $1 to $46?, and Bankers Trust $1? to $48?.

However, some economically sensitive sectors lost some of their attractiveness in light of the less optimistic economic news. Computer stocks closed mixed.

Semiconductor stocks were a pocket of strength in the technology sector

CANADA

Stock prices closed solidly higher, paced by a further rally in gold shares.

The Toronto Composite index ended 20.70 ahead at 3,498.90. Oil and Gas put on 27.9 to 3,376.0 and Golds advanced 104.5 to 6,872.7.

Brown Baldwin Nisker gold analyst Richard Cohen attributed the recent gold share surge both to higher world bullion prices and "fear that inflation is coming back."

Noranda firmed $? to $27?—it reported a much reduced fourth quarter net loss and predicted substantial improvement in 1987 if it avoided strikes.

TOKYO

Slightly lower on profit-taking over concern about high prices.

The Nikkei Dow market average lost 32.24 to 20,421.66, after soaring 267.57 Thursday. Declines led advances nearly two-to-one in turnover of 1.1bn (1.3bn) shares.

The index plunged in hectic opening trade, recovered fact then fell back on profit-taking, brokers said.

"The tightening of margin trading restrictions caused the early sell-off," one analyst said. Thursday the Exchange increased the amount of cash required for margin trading to 70 per cent from 60 per cent to cool off an overheated market.

But the tightened restrictions are likely to have little impact on the market as margin trading has fallen to less than 10 per cent of total turnover as opposed to about 40 per cent several years ago, a Nikko Securities analyst said.

The market average rebounded as gains for Nippon Telegraph and Telephone primed buying of Biotechnology, Government spending and Financial shares, brokers said. But as the index rose above Thursdays record closing high, concern over high prices mounted, spurring profit-taking, they said.

Railway, Insurance and other Financial, Airline, Rubber and Construction shares ended lower. But Securities, Food, Communications, Retail, Pharmaceutical and Steel shares rose.

HONG KONG

Sharply higher in hectic trading with strong demand from foreign institutions.

The Hang Seng index rose 34.27 to 2,877.87 and the Hong Kong index 22.85 to 1,841.20. Turnover $HK1.5bn ($HK1.42 bn).

Brokers said Blue Chips were in demand from US and British institutions, buoyed by expectations of strong annual results due next week from major companies including Cheung Kong, Hutchison, Jardine Matheson and HK Land.

Hutchison put on $HK1.50 to HK$54.50. Cheung Kong 75 cents to $HK45.25 and Jardine Matheson 20 cents to $HK24.90.

Property shares remained strong. Utilities were mixed.

SINGAPORE

Generally higher, but with gains pared by profit-taking, after active trading.

Brokers said institutional buying and speculative interest continued to take the market to higher territory and the Straits Times Industrial index was up 1.25 to 1,066.02.

Turnover 50.9m (52.0m) units.

But attention switched to "lower liners" and speculative stocks with some operators taking profits on shares which had risen sharply recently, brokers said.

Tan Chong led the actives on 2.5m units and rose 2½ cents to 53 cents.

Sime Darby rose 3 cents to S$2.83 on 2.2m units and Selangor Properties gained 9 cents to S$1.86 on 1.9m shares.

AUSTRALIA

Share markets closed sharply higher at record levels as strong buying of Blue Chip Industrials pushed markets upward.

The All Ordinaries index added 21.1 at 1614.1, surpassing the previous record close of 1606.3 on February 23 and the All Industrials index added 31 points from Thursday's record close to 2579.8.

The All Resources put on 12.2 at 880.7 and the Gold index, buoyed by a US$3.50 rise in gold prices overnight, put on 30.5 to 2059.0.

National turnover 143m shares worth A$268m, with rises outnumbering falls 418-to-262.

Pacific Dunlop further advanced 22 cents to A$5.30, with 4m shares exchanged, mainly due to overseas interest. Private Blood Bank dipped 50 cents to A$13.90 in volatile trading and Medical Research added A$1.20 at A$3.70.

News Corp gained 90 cents to A$23.90 on turnover of 1.55m shares in options-related trade.

"Healthy" interim profit results saw Lend Lease up 90 cents at A$12.30 and Brambles up 10 cents at A$8.70.

BHP firmed 25 cents to A$10.40 as takeover bid rumours strengthened.

GERMANY

Leading shares closed quiet in a mixed and lacklustre session. A steady dollar provided little incentive for fresh activity and investors remained sidelined ahead of US January trade figures.

Dealers said the direction of share prices depended largely on the effect of the trade figures on the dollar.

News that West Germany's January current account surplus narowed to DM 4.9bn from DM 8.5bn in December and that the trade surplus fell to DM 7.2bn from DM 11.6bn had little direct impact on Bourse trading.

Autos were boosted by the stable dollar.

Utility Veba fell DM 3.50 to 272, despite favourable profit forecasts for 1987. RWE, ex a DM 8 dividend, fell DM 7.40 to 222.80—it also plans to hold its dividend unchanged in 1986-87.

BELGIUM/LUXEMBOURG

Narrowly mixed with a firmer bias in heavy trading as optimism provoked by buying by new pension saving institutions persisted, brokers said.

Holdings and Chemicals were stronger, but Non-ferrous Metals were slightly weaker.

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

SWITZERLAND

FINLAND

FRANCE

JAPAN

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar holds steady

THE DOLLAR held steady on the foreign exchanges, in spite of a sharp widening of the US trade deficit in January. The deficit of $14.8bn was close to market expectations, but it was not clear whether the dollar's stability was because the deficit was already discounted, or the market was afraid to test recent lows, for fear of provoking central bank intervention.

Although dealers are unsure what was agreed at last weekend's Paris Group of Six meeting, there is obviously considerable fear of the unknown.

Recent news, including the trade deficit, durable goods data and fears about possible debt default by Latin American countries, has created a bearish undertone for the dollar, but there has been very little movement on the exchanges.

The dollar rose to DM 1.8265 from DM 1.8230; to FFr 6.0825 from FFr 6.0700; to SFr 1.5370 from SFr 1.5355; and to Y153.20 to Y153.10.

On Bank of England figures the dollar's index rose to 103.8 from 103.6.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.2700. January average 1.5071. Exchange rate index rose 0.5 to 69.9, compared with 71.2 six months ago.

Sterling improved on higher North Sea oil prices, and remained underpinned by expectations that London interest rates will remain at the present level at least until the Budget on March 17. Dealers suggested the pound was also buoyed by news the Labour Party had been defeated in the Greenwich by-election.

The January UK trade deficit of £527m was lower than expected, but the reduction in invisible earnings to £600m from £800m left the current account much as expected, showing a small surplus of £73m.

The pound gained 60 points to $1.5455-1.5465, and rose to DM 2.8250 from DM 2.8075; to FFr 9.4025 from FFr 9.3475; to SFr 2.3750 from SFr 2.3650; and to Y236.75 from Y235.75.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.0 against 140.0 six months ago.

The D-Mark remained within its recent trading range against the dollar after publication of the January US trade figures. News that the West German trade surplus narrowed to DM 7.2bn in January, from a record DM 11.6bn in December had no impact, but the fall in the Japanese trade surplus also tended to suggest that the strength of the D-Mark and yen are beginning to influence economic performance. The Bundesbank did not intervene, when the dollar was fixed at DM 1.8268, compared with DM 1.8245 on Thursday. In quiet trading the dollar closed at DM 1.8280 in Frankfurt, compared with DM 1.8190 previously. The local market is expected to remain quiet until Wednesday, because of a partial holiday in West Germany for carnival celebrations.

£ IN NEW YORK

Feb 27	Latest	Previous Close
£ Spot	1.5455-1.5465	1.5400-1.5410
1 month	0.62-0.59 pm	0.60-0.58 pm
3 months	1.65-1.61 pm	1.65-1.62 pm
12 months	5.35-5.25 pm	5.40-5.30 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb 27	Previous
8.30 am	69.7	69.4
9.00 am	69.7	69.4
10.00 am	69.8	69.4
11.00 am	69.8	69.4
Noon	69.7	69.4
1.00 pm	69.7	69.5
2.00 pm	69.8	69.5
3.00 pm	69.8	69.4
4.00 pm	69.9	69.4

CURRENCY RATES

Feb. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.81862	0.731899
U.S. Dollar	5.5	1.2642	1.12851
Canadian $	8.20	*	1.50374
Austrian Sch.	4	16.2714	14.5230
Belgian Franc	8½	47.9751	42.7960
Danish Krone	7	8.71975	7.79971
Deutsche Mark	3.0	2.3094	2.06037
Neth. Guilder	4½	2.61055	2.33545
French Franc	9½	7.6939	6.87328
Italian Lira	12	N/A	1467.89
Japanese Yen	2½	193.48	173.114
Norway Krone	8	8.84680	7.69255
Spanish Peseta	—	162.324	145.252
Swedish Krona	7½	8.17299	7.30147
Swiss Franc	3.5	1.94432	1.73347
Greek Drach.	20½	N/A	151.557
Irish Punt	—	N/A	0.776610

*CS/SDR rate for Feb. 26; 1.69390

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5400-1.5500	1.5455-1.5465	0.61-0.58 c pm	4.62	1.66-1.61 pm	4.23
Canada	2.0558-2.0622	2.0600-2.0610	0.66-0.57 c pm	3.58	1.70-1.54 pm	3.14
Netherlands	3.18-3.19¼	3.18¾-3.19¾	1¼-1⅛ c pm	5.65	4⅞-4 pm	5.25
Belgium	58.29-58.62	58.40-58.50	18-14 c pm	3.28	45-39 pm	2.87
Denmark	10.62-10.66¾	10.63½-10.64½	½-1 ore dis	−0.28	¼-1⅞ dis	−0.40
Ireland	1.0583-1.0633	1.0620-1.0630	0.23-0.38 p dis	−3.44	0.76-0.96 dis	−3.24
W. Germany	2.81¾-2.83	2.82-2.83	1¼-1½ pf pm	6.90	4¾-4⅝ pm	6.46
Portugal	217.63-219.36	218.45-219.35	70-155 c dis	−6.16	320-440 dis	−6.94
Spain	198.25-199.25	199.00-199.25	38-62 c dis	−3.01	177-256 dis	−4.35
Italy	1999¾-2011¼	2007¼-2008¼	5pm-1 lire dis	1.20	11pm-3 dis	0.80
Norway	10.77¼-10.81¾	10.79½-10.80½	¼-⅝ ore dis	−0.35	1-1¼ dis	−0.42
France	9.37¼-9.42	9.39¾-9.40¾	2⅛-1⅝ c dis	−2.39	5-4⅞ dis	−1.94
Sweden	9.97¼-10.00	9.99-10.00	¼pm-¼ ore dis	−0.38	¼-1⅛ dis	−0.33
Japan	236-237½	236¼-237¼	1½-1⅜ y pm	6.65	4-3⅞ pm	6.44
Austria	19.81-19.92	19.87-19.90	11½-10½gro pm	6.64	29¾-27⅞ pm	5.75
Switzerland	2.36¼-2.39¼	2.37-2.38	1½-1¼ c pm	6.95	4⅛-3¾ pm	6.63

Belgian rate is for convertible francs. Financial franc 59.10-59.20. Six-month forward dollar 2.92-2.87 c pm 12-month 5.35-5.25 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5400-1.5500	1.5455-1.5465	0.61-0.58c pm	4.62	1.66-1.61pm	4.23
Ireland†	1.4535-1.4591	1.4550-1.4560	0.99-0.94c pm	7.96	2.82-2.70 pm	7.59
Canada	1.3315-1.3352	1.3325-1.3335	0.10-0.13c dis	−1.04	0.34-0.39 pm	−1.10
Netherlands	2.0590-2.0720	2.0605-2.0615	0.19-0.15c pm	0.99	0.54-0.49 pm	1.00
Belgium	37.70-38.00	37.75-37.85	3¼-4¼c dis	−1.35	11½-13½ dis	−1.32
Denmark	6.87-6.90½	6.88-6.88½	2.50-3.20ore dis	−4.97	7.65-8.35 dis	−4.65
W. Germany	1.8210-1.8340	1.8260-1.8270	0.38-0.37pf pm	2.46	1.07-1.02 pm	2.29
Portugal	141¼-142	141½-141¾	100-150c dis	−10.64	350-420 dis	−10.92
Spain	128.30-129.15	128.75-128.85	75-85c dis	−7.45	210-230 dis	−6.83
Italy	1295-1305½	1298¾-1299¾	2-5lire dis	−3.23	7-15 dis	3.54
Norway	6.97-7.00¼	6.98¼-6.98¾	0.45-0.50ore dis	−0.82	1.43-1.48 dis	0.83
France	6.06¼-6.10¼	6.08-6.08½	1.02-1.12c dis	−2.11	3.25-3.50 dis	−2.22
Sweden	6.45-6.47¾	6.46¼-6.46¾	2.50-2.90 ore dis	−5.01	7.20-7.60 dis	−4.58
Japan	153.00-153.50	153.15-153.25	0.28-0.24y pm	2.04	0.86-0.81 pm	2.18
Austria	12.82¼-12.87½	12.86-12.86½	2.40-1.90gro pm	2.01	5.50-4.50 pm	1.56
Switzerland	1.5320-1.5455	1.5365-1.5375	0.31-0.26c pm	2.23	0.96-0.91 pm	2.43

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.20-38.30.

CURRENCY MOVEMENTS

February 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	69.9	−24.2
U.S. Dollar	103.8	−3.3
Canadian Dollar	78.4	−10.4
Austrian Schilling	100.6	+10.5
Belgian Franc	78.4	−3.8
Danish Krone	93.9	+4.5
Deutsche Mark	148.0	+22.4
Swiss Franc	171.3	+21.5
Guilder	135.2	+14.7
French Franc	72.2	−12.3
Lira	48.5	−16.3
Yen	209.4	+56.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Feb. 27	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11½-11⅜	11⅞-11⅝	11⅛-11¼	10⅞-10⅞	10⅝-10½	10⅝-10⅜
U.S. Dollar	5⅞-6	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6½
Can. Dollar	6⅞-7⅛	7⅛-7⅛	7⅛-7⅜	7¼-7½	7⅛-7⅞	7⅝-7⅞
D. Guilder	5½-5¾	5¼-5⅜	5⅛-5⅛	5⅛-5⅛	5¼-5⅜	5¼-5⅜
Sw. Franc	3⅜-3⅝	2¾-3	4⅛-4⅛	3⅞-4⅛	3⅞-4	3⅞-4⅛
Deutschemark	3¼-3⅞	3⅞-4	3⅞-4⅛	4-4⅛	4-4⅛	4⅛-4¼
Fr. Franc	6-8⅛	8⅛-8¼	8⅛-8⅛	8⅛-8⅛	8⅛-8⅞	8⅛-8⅛
Italian Lire	9-12	9¼-10¼	9¾-10¼	9¾-10¼	9¾-10¼	9¾-10¼
B. Fr. (Fin.)	7⅝-7¾	7½-7⅞	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞
B. Fr. (Con.)	7½-7¾	7¾-8	7¾-8	7¾-8	7¾-8	7¾-8
Yen	4⅞-5⅛	4½-4⅝	4⅛-4⅝	4¼-4⅜	4⅛-4⅜	4⅛-4¼
D. Krone	10⅞-11⅛	11⅛-11⅝	11⅛-11⅝	11⅛-11⅝	11-11½	10⅞-11⅛
Asian S (Sing.)	3⅛-3¼	N/A	3¼-3⅜	3¼-3⅜	3⅛-3⅛	3⅛-3¼

Long-term Eurodollars: Two years 6⅝-6¾ per cent; three years 7-7¼ per cent; four years 7⅜-7⅝ per cent; five years 7½-7¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Feb. 27	£	$
Argentina	2.2155-2.2245	1.4353-1.4450
Australia	2.2815-2.2845	1.4760-1.4775
Brazil	27.3500-27.5000	17.7170-17.8060
Finland	6.9775-6.9975	4.5255-4.5275
Greece	205.25-208.85	132.90-135.15
Hong Kong	12.0440-12.0550	7.7935-7.7955
Iran	111.95*	72.50*
Korea (Sth)	1310.36-1322.15	851.20-858.20
Kuwait	0.43840-0.42900	0.27720-0.27740
Luxembourg	58.40-58.50	37.75-37.85
Malaysia	3.8855-3.8955	2.5135-2.5165
N. Zealand	2.7520-2.7595	1.7810-1.7840
Saudi Ar.	5.7955-5.8010	3.7500-3.7510
Singapore	3.2960-3.3030	2.1330-2.1360
S. Af. (Cm)	3.1975-3.2200	2.0740-2.0780
S. Af. (Fn)	6.1810-6.4395	4.0900-4.1570
Taiwan	53.85-54.15	34.95-35.05
U.A.E.	5.6760-5.6810	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Feb. 27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.546	2.825	236.8	9.403	2.375	3.188	2008.	2.061	58.45
$	0.647	1.	1.827	153.2	6.083	1.537	2.061	1299.	1.333	37.80
DM	0.354	0.547	1.	83.81	3.328	0.841	1.128	710.9	0.729	20.69
YEN	4.224	6.530	11.93	1000.	39.71	10.03	13.46	8483.	8.703	246.9
F Fr.	1.064	1.644	3.005	251.8	10.	2.526	3.390	2136.	2.191	62.16
S Fr.	0.421	0.651	1.189	99.68	3.959	1.	1.342	845.6	0.868	24.61
H Fl.	0.314	0.485	0.886	74.27	2.950	0.745	1.	630.0	0.646	18.34
Lira	0.498	0.770	1.407	117.19	4.682	1.183	1.587	1000.	1.026	29.10
C $	0.485	0.750	1.371	114.9	4.563	1.153	1.547	974.6	1.	28.37
B Fr.	1.711	2.645	4.833	405.0	16.09	4.063	5.453	3436.	3.525	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

London rates easier

INTEREST RATES had a slightly softer tone in London yesterday. Three-month interbank was quoted at 10⅞-10¾ per cent compared with 10⅞-10¾ per cent. Sentiment was helped by the better performance by sterling and the rise in North Sea oil prices.

The January UK trade figures were slightly better than expected, and maintained the recent trend of encouraging economic data, but had no impact. There was also no reaction to the result of the Greenwich by-election, but hopes of a cut in bank base rates around the time of the Budget on March 17 kept the market reluctant to sell longer dated paper outright to the authorities.

On this basis the authorities were prepared to provide repurchase agreements to absorb part of yesterday's very large credit shortage, but not for a short enough time to encourage any thoughts of an early cut in base rates.

UK clearing bank base lending rate 11 per cent since October 15

The Bank of England initially forecast a money market shortage of £1,350m, but revised this to £1,550m at noon and to £1,650m in the afternoon. Total help of £1,678m was provided.

An early round of assistance was provided, totalling £453m. At that time the authorities bought £169m bills outright, by way of £22m bank bills in band 1 at 10⅞ per cent, and £147m bank bills in band 2 at 10⅞ per cent.

Another £284m bills were purchased for resale to the market on April 1 at 10⅞-10⅞ per cent.

Before lunch a further £388m bills were bought, including £259m outright, through £1m Treasury bills in band 1 at 10⅞ per cent; £19m bank bills in band 1 at 10⅞ per cent; £183m bank bills in band 2 at 10⅞ per cent; and £56m bank bills in band 3 at 10¾ per cent.

Another £129m bills were purchased for resale to the market on April 1 at 10⅞ per cent.

In the afternoon the Bank of England bought £617m bills, including £570m outright, by way of £143m bank bills in band 1 at 10⅞ per cent: £417m bank bills in band 2 at 10⅞ per cent; and £10m bank bills in band 3 at 10¾ per cent.

Another £47m bills were purchased for resale to the market on April 1 at 10⅞ per cent.

The authorities also provided late assistance of around £220m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £2,129m, with a rise in the note circulation absorbing £270m, and bank balances below target another £40m.

These outweighed a gilt-edged repurchase agreement adding £1,068m to liquidity. The average mid-market rates applicable to the agreement were: one-week 11⅜ per cent and one-month 11⅜ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 27) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅛	offer 6 ⅛	bid 6 ⅛	offer 6 ⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Feb. 27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.60-3.70	3.80-3.90	3.85-4.00	3.90-4.10	5.0
Paris	7⅞-8⅛	8⅛-8⅛	8¼-8⅜	8¼-8⅜	8¼-8⅜	8
Zurich	⅞-1⅛	4-4⅛	—	3⅞-3⅞	—	—
Amsterdam	5½-5⅝	5⅜-5½	—	5⅜-5½	—	—
Tokyo	3.90625	4.03125	—	—	—	—
Milan	11½-12	11⅜-11⅞	—	11⅛-11⅝	—	—
Brussels	5.95	7⅞-7⅞	—	7⅞-7⅞	—	—
Dublin	14¼-14½	14¼-14½	14⅛-14⅜	14⅛-14⅜	13½-13⅞	—

LONDON MONEY RATES

Feb. 27	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¾-10	11⅛-11⅛	11⅛-11⅛	10⅞-10⅞	10½-10⅜	10⅜-10¼
Sterling CDs	—	—	11⅛-11⅛	10⅞-10½	10⅞-10⅞	10⅞-10⅞
Local Authority Deposits	11	11⅛-11	11⅛-11	10⅞-10⅞	10⅝-10⅛	10⅛
Local Authority Bonds	—	—	11½	11⅛	10⅝	10⅝
Discount Market Deposits	11¼-10	11	10⅞	10⅞	—	—
Company Deposits	—	11⅛	11⅛-11⅛	10⅞	10⅞	10⅝
Finance House Deposits	—	—	11⅛	10⅞	10½	10⅜
Treasury Bills (Buy)	—	—	10⅞	10⅞	—	—
Bank Bills (Buy)	—	—	10⅞	10⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	11⅞	10⅞	10⅞	—
Dollar CDs	—	—	6.45-6.40	6.45-6.40	6.35-6.30	6.40-6.35
SDR Linked Deposits	—	—	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
ECU Linked Deposits	—	—	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅝-7¼

Treasury Bills (sell): one-month 10¾ per cent; three-months 10⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.4392 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9 per cent; one-three months 9 per cent; three-six months 9¼ per cent; six-nine months 9¼ per cent; nine-12 months 9¼ per cent; Under £100,000 9 per cent from February 20. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Bonds feature as equities tread cautiously

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30

* New time dealings may take place from 9.00 am two business days earlier.

UK securities markets were assailed with price-sensitive information ranging from financial to political news yesterday. Many traders and investors came to the conclusion that time was needed to assess the latest developments and decided not to open fresh commitments. The upshot was a session of renewed volatility in leading share prices, and a much lower volume of business.

Government bonds fared better with values responding to a combination of revived domestic and further overseas demand on the back of sterling. The exchange rate went particularly well against the mark and the dollar. Satisfactory sets of January trade figures from the UK and US underpinned the market which showed little regard for the Greenwich by-election result. The fall in the Labour vote was apparently more significant than the surge in support for the SDP Alliance and the poor Conservative showing.

Blue chip equities traded cautiously throughout most of the morning but regained early losses shortly before midday. Selected leaders were bought, indicating a modest portfolio programme, but when the business was completed the market changed direction quickly. In the space of two hours the FT-SE 100 share index dipped sharply, going from 5.6 up at 12.32 to show a fall of 13.2 at 14.23.

Further dullness was predicted on Wall Street but the US market defied expectations by moving higher initially on futures-related buy programmes. London took comfort from this and the FT-SE index eventually reduced its loss to one of only 1.0 at 1979.2. On the week, the index was 17.7 higher. Having breached 1600 for the first time ever on Thursday, the FT Ordinary share index eased back to 1599.8 for a five-day rise of 32.8.

Conventional and index-linked Gilts all recorded good gains. The emphasis was firmly on longer-dated conventionals, supplies of which were short in the absence of any new Government funding. Selected stocks rose ¾, and helped take the FT Government Securities up to a new five-month high. Shorter index-linked Gilts scored maximum rises of ⅜.

Depressed throughout the week by fears that Brazil would impose a moratorium on short-term debt and that other Latin American countries would follow, clearing banks continued their retreat in early trading yesterday. However, reports after-hours' that Venezuela had repaid some debt induced a good rally and prices closed well above thir lowest levels. Lloyds, which earlier had reported a 25 per cent profits increase to £700m and a proposed 50 per cent scrip-issue were particularly pleased with the Foreign news being well exposed to debt in that area and closed the day 14 higher, but still 29 lower on the week at 474p Midland, scheduled to conclude the dividend season next Wednesday and expected by some operators to possibly announce a rights issue with their preliminary figures, eased to 588p before recovering to close 2 dearer on balance at 597p. NatWest, the first UK bank to break the £1bn profits barrier, closed a penny lower at 594p. **Barclays**, however, were sold following comment on the disappointing results and ended 16 lower at 512p, after 506p.

Lloyds Broker **Sedgwick** revived and closed 15 higher at 336p following the preliminary results. Elsewhere, **Commercial Union** edged forward 2 to 348p and **General Accident** gained 6 to 999p ahead of their respective annual statements scheduled for Wednesday. **GRE** gained 11 to 939p and **Sun Alliance** put on 25 to 794p. **Royals**, at £10¼, which reported excellent results and a proposed 100 per cent scrip-issue on Thursday, held on that day's gain of ¼.

Capital Radio staged a sparkling market debut, the shares, heavily oversubscribed at the offer price of 105p, opened at 128p and closed at the day's best of 131p, a first-day premium of 26p.

Brewery shares, overlooked of late, met with selective buying interest. **Guinness** were actively traded again (some 16m shares changed hands) as stake building rumours intensified and, after easing a shade initially, the price moved ahead to close 12 dearer on the day at 336p. **Greene King** gained 15 to 343p in sympathy. Further investment demand left **Bass** 24 to the good at 888p, while **Scottish and Newcastle** improved 6 to 237p and **Wolverhampton and Dudley** 7 to 301p.

Building Material issues showed little alteration, but selected Construction issues attracted fresh support. **John Laing** were noteworthy for a rise of 10 to 484p, while **John Mowlem** gained 6 to 422p. Buyers again favoured **McCarthy and Stone**, up 7 more at 390p, while **Wilson (Connolly)** revived with a gain of 9 at 293p. **Ward Holdings** moved ahead following favourable Press comment to close 17 higher at 523p, while **Howard Shuttering** attracted a flurry of buying interest after an investment recommendation and touched 85p prior to closing 7 to the good at 84p. **Helical Bar** edged up 7 to 503p and **Heywood Williams** rose 11 to 275p.

Further profit-taking in the wake of the annual results left **ICI** ⅜ off at £13⅞. Elsewhere in the Chemical sector, **BTP**, at 195p, gave back 40 of the previous day's gain of 73 which followed the company's revelation that it is currently developing a disinfectant to *control Aids outside the human body*. **Wardle Storeys** attracted occasional buying interest and firmed 5 to 411p.

Multiple retail chemist **Underwoods** were outstanding in Stores, leaping 49 to 237p on the revelation that the group is in preliminary talks with a third party which may or may not lead to a bid for the company. This development excited other chemists with **Share Drug** rising 10 to 265p and **Superdrug** 11 to 473p in sympathy; Boots and Woolworths were two names immediately mentioned as possible bidders for Underwoods. Store majors reacted quite sharply on profit-taking after performing well earlier in the week on continuing hopes of a bumper Budget. **Burton** turned distinctly dull as DTI rumours regarding its *takeover of Debenhams* resurfaced and the close was 13 lower at 276p. **Laura Ashley** lost 6 to 177p and **Storehouse** fell 9 to 290p. **Marks and Spencer** eased 3 at 215p. Elsewhere, **Ward White** improved 5 to 350p ahead of a forthcoming US visit.

A busy week for the Electrical majors ended on a fairly subdued note. Strongly supported on Thursday behind rumours of a possible bid from BTR or that the company was building a stake in Singer Corporation of the US, **GEC** attracted another sizeable demand—well over 7m shares changed hands—but the close was 3 easier at 232p. **Racal**, a particularly active counter this week as dealers looked forward to a forthcoming company visit to the US and investors warmed to the profits potential of its Vodaphone operations, succumbed to profit-taking and lost 4½ to 250p. **Thorn EMI**, however, continued to reflect Budget tax-cut hopes with a gain of 9 at 609. Elsewhere, **International Signal and Control** put on 8 at 257p, and **Systems Reliability** advanced 20 to 205p. **Highland Electronics**, on the other hand, lost 12 to 92p on acute disappointment with the interim results.

TI Group featured Engineers, advancing smartly to close 19 higher at 641p in respons to a report that the company may sell all its domestic appliance businesses. Selective buying interest was shown in other Engineering issues. Demand persisted for **A. Cohen**, up 30 more at 720p in a limited market. Interest revived in **Crown House** which put on 12 to 217p **BM Group** rose 20 to 283p and **James Neill** closed 12 to the good at 233p. Bid hopes continued to sustain **Camford**, up 9 at 152p. **Birmid Qualcast**, however, drifted back 4½ more to 255p awaiting fresh moves from Hepworth Ceramic; earlier in the week HC broke off merger discussions with BQ and is considering making a contested bid.

Foods finished the first leg of the Account in irregular fashion. **Unigate** were a bright feature, rising 17 to 383p on speculative buying, while **Rowntree Mackintosh** put on 10 to 490p. **Hillsdown**, annual results due soon, firmed 6 to 286p, while **Associated British Foods** added 3 to 341p. On the other hand, **Cadbury Schweppes** eased back in the wake of Thursday's annual results to close 3 off at 257½p, while **Tate and Lyle** slipped 6 to 759p. **ASDA-MFI** continued to drift lower among Retailers and settled 1½ off at 156p, but **Tesco** attracted late support and finished 8 higher on balance at 468p.

The Hotel majors traded firmly throughout. **Grand Metropolitan** rose 12 to 508p, and **Ladbroke**, 13 to 453p. **Trusthouse Forte** firmed 6 to 219.

The relentless advance in pharmaceutical shares came to a halt yesterday. Nevertheless, most quotations finished above the worst after an initial bout of profit-taking. **Beecham**, one of the strongest performers earlier in the week, fell away to around 545p, before recovering on Japanese buying to close 13 down on the day at 556p. **Glaxo**, also an outstanding market since the company's satellite presentation to analysts, settled ⅝ cheaper at £15⅞. **Boots**, 7 cheaper at 316p, passed a much quieter trading session. **Fisons**, awaiting Tuesday's preliminary statement, ended 5 lower at 641p. Among the Aids-related stocks, **Wellcome** encountered a further round of profit-taking before settling well above the worst with a fall of 11 at 478p. **London International** finished 7½ off at 347½p and **Smith and Nephew** 6 cheaper at 166p. Elsewhere, in the miscellaneous industrial sector, **Metal Closures** advanced afresh to 213p, up 12, on the announcement that Suter has acquired a 12.31 per cent stake in the company. **London and Northern** eased 1½ to 69½p on the revelation that Winterbottom *Holdings* has declared a 4.5 per cent stake and is not backing the merger bid. **Unigroup** gave up 6 to 113p after the interim figures and the announcement that terms have been agreed for the acquisition of the 71.2 per cent of Golden Pharos Wood Industries not already owned.

Independent radio companies, strong in the run-up to yesterday's successful market debut of *Capital Radio*, turned easier following a bout of profit-taking. **Radio City** shed 8 to 80p, while losses of 7 were common to **Radio Clyde** 70p, and **Piccadilly**, 63p. **Tottenham Hotspur** slipped a penny to 87p following the interim results, but **Greenwich Cable** gained 10 to 55p on the return to profitability. **First Leisure** were unchanged at 473p; Michael Cottrell has been appointed chairman-designate of the group, not chairman and chief executive as reported here on Thursday.

Motor Distributors showed **T. Cowie** 9 higher at 402p on further consideration of the recent excellent results. **BCA** firmed 5 to 210p; **Gartmore Investment Management** hold a 7 per cent stake following recent purchases. **Glanfield Lawrence** rose 6 to 138p in reply to Press comment. Elsewhere, **Jaguar** picked up 16 at 628p, while **Reliant** put on 7 to 34p following the chairman's confident statement at the annual meeting.

Barham advanced 7 more making a two-day leap of 35 on news of the bid approach. Elsewhere in Paper/Printings, **BPCC** gained 7 to 335p following news of the acquisition of a Colchester-based printing concern from Reed International. **Olives**, however, fell 10 to 70p following the results.

Leading Properties were actively traded during the morning as MEPC's acquisition of Oldham Estates was digested, but business tailed off after lunch and prices showed little further change. **MEPC**, with some 5m shares traded, closed 9 down at 347p on thoughts that the Oldham acquisition renders the company bid-proof. **Land Securities** slipped to 357p before steadying to close just a penny cheaper at 359p. **Peachey**, excited on Thursday, by news that British Land had acquired a 5 per cent stake, came back 5 to 351p on profit-taking, but **Centrovincial** gained 8 to 223p following favourable comment. An agreed offer of some £71m from Randsworth Trust lifted **London and Provincial Shop Centres** 12 to 340p; **Randsworth** lost 28 at 163p. **Brookmount** shed 20 to 500p on details of the Atholl Land acquisition for £7.4m; Bricomin, together with Gartmore Investment Management, will hold 21.7 per cent of the enlarged Brookmount capital.

Courtaulds revived in Textiles and closed 7 better at 411p. **Kingsley and Forrester** jumped 7 to 68p on a sudden flurry of speculative activity and **John Crowther** edged forward a penny to 201p ahead of Tuesday's annual results.

The oil sector continued to make progress. Helped by a further rise in crude oil prices the leaders attracted good support throughout the day, partly reflecting stock shortages, but generally closed a shade below their best levels.

British Gas again experienced a heavy two-way business with over 51m shares traded and edged up a penny to 76p. **BP**, which dropped to 712p at the outset on Tuesday morning when oil prices dipped below $16 a barrel, moved up 10 more to 765p, after 769p, and **Britoil**, after a turnover of 9.5m shares, added 7½ to 174p. Elsewhere, **Cluff Oil** jumped 9 to 64p and the warrants 1½ to 18½p.

Polly Peck attracted renewed US support and closed 9 up at 219p. Elswhere in Overseas Traders, **Lonrho**, reflected the group's application for a listing on the Tokyo stock exchange and rose 5½ to 278p.

Rumours of a substantial London buying order in the financial rand sent the currency sharply higher and triggered widespread gains throughout South African mining markets. The firm rand prompted persistent South African buying of Golds, platinums and Financials, for the third successive trading day. Golds moved up strongly from the outset — despite a lethargic performance by the bullion price — but faltered in the early afternoon on the apearance of small profit-taking. However, the opening of US markets brought a fresh flurry of support and share prices generally settled at or around the day's best levels.

The Gold Mines index put on 8.8 to 329.8 — a three-day gain 21.6 and a week's improvement of almost 29 points.

South African Financials advanced across a broad front with **De Beers** especially in demand and finally a further 9 up at 1986/87 high of 650p ahead of expected bumper results, due next month.

A report that American Barrick may have sold its near 5 per cent stake failed to enliven **Consolidated Gold Fields** and turnover was sharply down on the previous day; after slipping back to 775p, the share price picked up late to close a net 6 firmer at 784p. Consgold's interim results are expected next Wednesday. Recent high-flyer **Greenwich Resources** jumped to a record 220p bid ahead of the optimistic statement by the chairman at the annual meeting but subsequently ran back to close a net 3 lower at 202p following persistent profit-taking.

FINANCIAL TIMES STOCK INDICES

	Feb. 27	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	87.96	87.62	87.36	87.66	87.60	85.43	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.52	93.32	93.02	93.36	†93.18	90.15	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,599.8	1,601.7	1,584.9	1,559.2	1,556.9	1,277.4	1,601.7 (26/2/87)	1,094.3 (14/1/86)	1,601.7 (26/2/87)	49.4 (26/6/40)
Gold Mines	329.8	321.0	316.2	308.2	300.9	336.2	336.2 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord Div. Yield	3.62	3.61	3.58	3.65	3.65	4.15				
Earnings Yld %(full)	8.47	8.31	8.36	8.52	8.57	9.76				
P/E Ratio (net) (*)	14.47	14.76	14.66	14.38	14.30	12.62				
SEAQ Bargains (5 pm)	46,040	50,617	45,554	44,104	53,082	—				
Equity Turnover (£m)	—	1,891.13	1,566.10	1,404.29	1,401.01	762.99				
Equity Bargains	—	65,068	63,189	59,054	67,976	33,516				
Shares Traded (ml)	—	706.3	588.2	616.0	588.3	348.4				

S.E. ACTIVITY

Indices	Feb. 26	Feb. 25
Gilt Edged Bargains	180.2	198.9
Equity Bargains	421.6	409.4
Equity Value	3822.5	3145.3
5-Day Average		
Gilt Edged Bargains	181.1	180.6
Equity Bargains	423.3	437.8
Equity Value	3161.1	3139.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1598.3	1595.4	1599.0	1605.4	1605.8	1599.1	1595.1	1599.23

Day's High 1608.4. Day's Low 1592.6

Basis 100 Govt. Secs 15/10/26, Fixed Int 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.93.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

February 27. Total Contracts 52,739. Calls 40,732. Puts 12,007

FT-SE Index Calls 1,695. Puts 3,112

*Underlying security price.

Traded options

Anheuser stakebuilding speculation sparked off heavy traded option activity in Guinness with 7,106 calls transacted out of the total number of call options struck yesterday of 40,732.

Traditional Options

- **First dealings** Feb 16
- **Last dealings** Feb 27
- **Last declaration** May 28
- **For Settlement** June 8

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Capital Radio, Premier Consolidated, Ryan International, BCG, Norfolk Capital, Amstrad, Hampton Trust, Tozer Kemsley, Barham, Dares Estates, Comtech, Smith and Nephew, Bullers, Ashley Industrial Trust, North Kalgurli, Rotaprint, Cifer, Wellcome, Atlantic Resources, Polly Peck, STC, BTP, Stockley, British Benzol, Bassett Foods, London Securities, Mercantile House, Boots, Glanfield Lawrence, Sears, Guinness and Electronic Rentals. Puts were arranged in Wellcome and Ultramar, while double options were transacted in Norfolk Capital, Capital Radio, Amstrad, Rotaprint, Ultramar and Talbex.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (190)

BRITISH FUNDS (6), CANADIANS (1), BANKS (2), BREWERS (8), BUILDINGS (17), CHEMICALS (6), STORES (7), ELECTRICALS (14), ENGINEERING (11), FOODS (10), HOTELS (4), INDUSTRIALS (39), MOTORS (6), NEWSPAPERS (4), PAPER (6), PROPERTY (10), SHIPPING (1), SOUTH AFRICANS (1), TEXTILES (1), TRUSTS (15), OILS (6), OVERSEAS TRADERS (1), MINES (9).

NEW LOWS (3)

AMERICANS (2) Manuf. Hanover, Saul (B.F.), BANKS (1) MCorp.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

London County 2½pc 1920 £22½⊕
Corp of London 3½pcDb 1983-93 £79½ (25/2)
Greater London Council 6¾pc 1990-92 £96¾ 7½
Barnet Corp 12¼pc 1987 £100 ¼ (24/2)
Birmingham Corp 2½pc 1926 £22. 3½pc 1946 £25 (20/2)
Birmingham District Council 11½pc 2012 £109½ (25/2)
Bristol (City of) 11½pc 2008 £109 (24/2)
Bristol Corp 3½pcDb £25 (24/2)
Glasgow Corp 3½pc £25 (20/2)
Leeds Corp 3pcDb 1927 £25 (20/2)
Norwich Corp 3pc £20 (20/2)
Reading Corp 3½pc 1973 £25 (24/2)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

Bowater Inds 4.35pcPf (£1) 57½
Bowthorpe Hldgs 7pcLn 1990-95 £70 (25/2)
Bralme (T. F. J. H.) (Hldgs) AN-vtg 78 6pcPf (£1) 50 (20/2)
Bramall (C. D.) 13pcLn 1993-2000 £115 (25/2)
Bremner 10pcLn 1995 £110 (25/2)
Bridon 7pcPfd (50p) 26 (23/2). 8pcDb 1988-93 £88½ 9¼. 5½pcLn 2002-07 £64. 7½pcLn 2002-07 £74 (23/2)
Bristol Stadium (5p) 217 (25/2)
British Airways (65 pd) 105.1 7 7 8 8 9 9 ½ 10 10 1 ½ 1 3 ½ 2 2 ½ ½ 3 4 5
Brit Alcan Aluminium 10½pcDb 2011 £98 (23/2)
Brit-American Tobacco Inv 10pcLn 1990-

C—D

E—F

G—H

H—K

L—M

Massey-Ferguson

N—O

NCR

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

OIL

PROPERTY

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl A$3.95 (20/2)
AOG Minerals A$0.645⊕ p28½⊕ A$0.64 0.678
Acmex Hldgs A$6.977 (25/2)
Acorn Secs 60⊕ 50 70⊕ 74 5 6 A$1.585
Alkane Exploration A$0.26 (25/2). A$42 1.194 (23/2)
American Barrick Res NPV C$28½⊕
Ames Dept Stores 025¼⊕ (24/2)
Ampol Exploration 143
Amsterdam-Rotterdam Bk £28½⊕
Anglo Amer Corp S Africa (R0.10) $17.0
Anglo American Gold Invest $80.0⊕ $80.0
Asia Oil Minerals 10⊕ (24/2)
Aust Oil Gas A$2.6 (25/2)

News Corp 9600 A$23.10 A$25.67 24.0 (23/2)
North Flinders Mines 550⊕
Oceanic Equity A$2.8 2.939 (20/2)
Oil Search 300 9½⊕ 35 6½ 8 A$0.97
Oilmet Res A$1.7
Pacific Western Airlines C$23½⊕ (24/2)
Palabora Mining 55¼C
Pan Aust Mining 98 (23/2)
Pancontinental Pet A$0.168 0.178 (25/2)
Petro Energy A$0.109 (20/2)
Philips Komms Inds DM 1.003½⊕ DM 1.003.0 (25/2)
Pioneer Electronic Corp Y2.345.0 (25/2)
Plenty River Mining A$0.747
Povey Corp 74 (25/2)

Pretoria Portland Cement 205⊕ (25/2)
Regal Hotel Hldgs 19⊕
Porer Grp $44.0656 (24/2)
Selangor Coconuts 500 (20/2)
Selangor Props S$1.75 1.77 (20/2)
Sky Line Exploration NPV 512½⊕ C$10.45 p525 30 5 7½ 550 5 62½ 70 80 C$10⊕
Smithkline Beckman £73 (20/2)
Societe Nationale Elf Aquitaine $12½⊕ $11.7 11 8 FFr 325.0 331 3 5
Source Perrier FFr 723.0
Southland Corp £33¾⊕ (25/2)
Square Gold Minerals 34 A$0.753
Steep Rock Res 100⊕ C$2 25⊕
Stirling Pet A$0.059 (25/2)
Sun Hung Kai Props HK$24.20 24.70 HK$24.65 24.7 ¾ 24.8 24.85 24.9 25.15 25.2
Swire Pacific B 20
Tai Cheung Props HK$3.411⊕ 3.465⊕ (23/2)
Tandem Res C$1.15⊕
Target Pet 36
Do. (A$0.15) 180 17
Teck Corp A C$28.00 (23/2)
Terrex Res 9 (20/2)
Un-dev 20 R1.4 (25/2)
Valiant Cons A$0.518 (24/2)
Victoria Exploration 7½
Village Main Reef 40⊕ (20/2)
Vuitton (Louis) FFr 1,073.2 (24/2)

Wolverhampton Racecourse 191 (24/2)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 103 3 5
Kenmare Oil Exploration (I£0.25) 23½
North West Exploration (25p) 35

(By permission of The Stock Exchange Council)

TRADING VOLUME IN MAJOR STOCKS

The following is based on *trading volume* for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,000	156	−1½	Ladbroke	2,100	453	+15
Allied Lyons	2,200	378	+1	Land Securities	2,500	359	−1
Amstrad	8,700	188	+12	Legal & Gen.	787	285	−2
Assoc. Brit. Foods	368	341	+3	Lloyds Bank	4,512	474	+14
BAT	1,800	546	−3	Lonrho	2,500	282	+9½
BET	132	525	—	MEPC	5,100	347	−9
BOC	720	467	—	Marks & Spencer	1,700	215	−3
BPB Inds	854	650	+7	Midland Bank	1,200	597	+2
BPCC	1,050	335	+7	NatWest Bank	1,600	594	−1
BTR	2,300	328	−2	Pearson	419	555	−3
Barclays	5,000	512	−16	P & O	428	631	−6
Bass	1,100	888	+24	Pilkington Bros	1,300	773	+15
Beecham	5,400	556	−13	Plessey	3,800	251	—
Blue Circle	695	708	+5	Prudential	161	932	+1
Boots	6,400	317	−6	Racal	2,500	250	−4½
Brit. Airways	11,000	111	+1	Rank Org	98	674	+3
Brit. Aero	1,250	651	+4	RHM	388	313	+1
Brit. Gas	53,000	76	+1	Reckitt & Col	208	£10⅝	−⅛
Britoil	9,500	174	+7½	Redland	371	469	+1
BP	6,600	765	+10	Reed Intl.	984	413	+3
Brit. Telecom	12,000	246	+1	Reuters	837	658	+3
Bunzl	351	238	−1	RMC	106	782	+8
Burton	3,700	276	−13	RTZ	509	739	−8
Cable & Wire	4,300	379	—	Rowntree Mac	1,800	490	+10
Cadbury Schwps	1,800	257	−3½	Ryl Bak of Scotland	1,000	316	−1
Coats Viyella	277	572	−1	Royal Insurance	3,000	£10⅛	—
Comm. Union	2,700	348	+2	STC	1,500	230	+1
Cons. Gold	639	784	+6	Saatchi & Saatchi	336	872	+8
Cookson	238	569	−2	Sainsbury	970	482	−5
Courtaulds	3,700	412	+8	Scott & Newcastle	2,100	237	+6
Dee Corpn	1,600	256	+1	Sears	1,000	134½	−1½
Dixons Grp	858	385	−5	Sedgwick	7,785	336	+15
English China Clays	1,100	406	+2	Shell Trans	3,800	£10⅝	+⅛
Fisons	1,100	641	−5	Smith & Nephew	3,200	166	−6
Gen. Accident	382	999	+6	Standard Chart	303	757	−1
Gen. Elect	7,100	232	−3	Storehouse	1,600	290	−9
Glaxo	2,200	£15⁹⁄₁₆	−⅞	Sun Alliance	1,100	794	+25
Globe Investment	162	150	−½	TSB	6,400	77½	—
Granada	514	340	+1	Tarmac	607	532	+5
Grand Met	2,900	508	+12	Tesco	2,800	468	+8
Gus "A"	126	£12⅞	−⅛	Thorn EMI	1,500	612	+12
Guardian R.E.	753	939	+11	Trafalgar House	1,500	319	+5
GKN	2,800	343	+2	T'house Forte	3,380	219	+6
Guinness	16,000	336	+12	Unigate	2,050	383	+17
Hammerson Prop	420	485	−10	Unilever	322	£25⅛	—
Hanson Trust	4,800	164	−1	United Biscuits	175	277	—
Hawker Sidd	399	527	−9	Wellcome	6,000	478	−11
Hillsdown Hlgs	2,200	286	+6	Whitbread 'A'	1,700	310	+3
ICI	2,900	£13⅞	−⅜	Willis Faber	250	439	−1
Imp. Cont. Gas	1,100	653	+3	Woolworth	350	760	−6
Jaguar	1,900	628	+16				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday February 26 1987

Health and H'sehold	+52.66	Food Manufacturing	+18.41
Publishing and Printing	+30.28	Stores	+18.34
Chemicals	+29.56	Building Materials	+17.84
Electronics	+28.84	All-Share Index	+17.64
Textiles	+24.79	Electricals	+16.04
Metals and Metal Forming	+24.74	Telephone Networks	+13.78
Consumer Groups	+23.67	Food Retailing	+13.64
Other Industrial Materials	+23.44	Brewers and Distillers	+13.05
Shipping and Transport	+23.13	Conglomerates	+12.83
Capital Goods	+22.57	Insurance (Life)	+12.74
Insurance (Composite)	+22.42	Overseas Traders	+12.22
Industrial Group	+22.15	Financial Group	+10.47
Packaging and Paper	+21.48	Merchant Banks	+10.44
Motors	+21.36	Investment Trusts	+ 9.94
Mechanical Engineering	+20.69	Mining Finance	+ 9.81
Contracting, Construction	+19.99	Property	+ 9.14
Agencies	+19.93	Gold Mines Index	+ 7.65
500 Share Index	+19.71	Insurance Brokers	+ 5.93
Other Groups	+19.14	Oils & Gas	+ 5.48
Leisure	+18.60	Banks	+ 3.79

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	105	0	8	300	171	94
Corporations, Dom. and Foreign Bonds	8	5	57	44	51	255
Industrials	537	426	574	2,815	2,161	2,713
Financial and Props.	178	113	296	897	723	1,315
Oils	31	17	64	118	159	283
Plantations	3	4	7	12	17	41
Mines	84	24	73	351	208	350
Others	42	95	48	266	400	248
Totals	988	684	1,127	4,803	3,890	5,299

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	86.48	85.19	82.18	81.80
Fixed Interest	92.92	91.34	89.02	88.66
Ordinary	1,529.6	1,392.6	1,283.6	1,289.2
Gold Mines	311.7	324.9	313.7	305.5
SEAQ Bargains (5p.m.)	47,407	37,483	26,527	29,261
F.T.—Actuaries				
Industrial Group	1002.99	906.47	843.60	844.89
500 Share	1054.14	945.82	895.16	888.99
Financial Group	674.77	643.52	606.35	606.19
All-Share	952.02	879.30	817.98	812.56
FT-SE 100	1,913.0	1,762.8	1,638.8	1,636.8

	Feb High	Feb Low
Ordinary	1,601.7(6th)	1,458.5(3rd)
All-Share	983.12(27th)	912.17(3rd)
FT-SE 100	1,980.2(26th)	1,828.6(3rd)

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Friday February 27 1987 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thur Feb 26 Index No.	Wed Feb 25 Index No.	Tues Feb 24 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (208)	854.99	+0.1	7.46	3.09	16.98	1.40	853.96	847.88	837.54	673.47	854.99	27/2/87	567.56	14/1/86	854.99	27/2/87	50.71	13/12/74
2	Building Materials (27)	1027.75	+0.9	7.61	3.17	16.51	0.72	1018.69	1018.14	1011.79	712.64	1027.75	27/2/87	613.05	23/1/86	1027.75	27/2/87	44.27	11/12/74
3	Contracting, Construction (28)	1429.60	+0.5	6.73	3.30	20.45	1.72	1422.92	1420.91	1414.56	1040.69	1429.60	27/2/87	911.08	23/1/86	1429.60	27/2/87	71.48	2/12/74
4	Electricals (12)	2052.87	−0.2	7.34	3.82	17.49	1.39	2056.46	1997.66	1975.44	1837.12	2092.98	21/4/86	1530.81	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1982.65	−0.3	7.58	2.11	17.61	6.13	1988.93	1939.22	1906.07	1679.33	1988.93	26/2/87	1365.94	29/9/86	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	475.01	−0.1	8.51	3.52	15.01	0.76	475.35	475.36	475.30	375.60	480.04	20/2/87	316.63	23/1/86	480.04	20/2/87	45.43	5/1/75
8	Metals and Metal Forming (7)	441.55	−0.6	8.21	3.38	14.80	0.00	444.04	441.02	431.81	296.76	444.04	26/2/87	241.87	2/1/86	444.04	26/2/87	49.65	6/1/75
9	Motors (15)	334.15	+1.1	8.26	3.14	13.96	0.00	330.49	330.12	329.34	273.77	335.38	20/2/87	206.50	14/1/86	335.38	20/2/87	19.91	6/1/75
10	Other Industrial Materials (20)	1451.95	−0.3	6.14	3.76	19.44	2.64	1456.06	1461.63	1418.36	1192.25	1461.63	25/2/87	993.49	21/1/86	1461.63	25/2/87	277.55	15/1/81
21	CONSUMER GROUP (186)	1173.79	−0.2	6.23	2.71	20.65	2.33	1175.97	1170.18	1147.38	852.98	1175.97	26/2/87	739.82	14/1/86	1175.97	26/2/87	61.41	13/12/74
22	Brewers and Distillers (22)	1082.47	+2.1	7.90	3.20	15.92	3.55	1060.43	1054.31	1035.67	857.87	1082.47	27/2/87	764.25	14/1/86	1082.47	27/2/87	69.47	13/12/74
25	Food Manufacturing (25)	877.95	+0.4	7.64	3.27	17.21	1.30	874.24	868.75	856.64	614.86	877.95	27/2/87	549.51	14/1/86	877.95	27/2/87	59.67	11/12/74
26	Food Retailing (16)	2139.07	+0.1	5.90	2.58	23.55	9.65	2137.73	2142.74	2126.66	1868.56	2142.74	25/2/87	1629.03	21/1/86	2142.74	25/2/87	54.25	11/12/74
27	Health and Household Products (10)	2415.15	−2.0	3.93	1.57	29.47	0.28	2464.04	2484.02	2391.83	1441.67	2484.02	25/2/87	1175.61	14/1/86	2484.02	25/2/87	175.38	28/5/80
29	Leisure (31)	1186.16	+1.4	6.38	3.50	20.66	8.39	1169.82	1161.41	1148.40	859.01	1186.16	27/2/87	731.17	24/1/86	1186.16	27/2/87	54.83	9/1/75
31	Packaging & Paper (14)	603.00	+1.0	5.86	2.78	22.14	0.38	597.05	587.59	575.15	426.43	603.00	27/2/87	362.52	9/1/86	603.00	27/2/87	43.46	6/1/75
32	Publishing & Printing (14)	3570.28	+1.0	5.69	3.19	22.60	3.41	3535.24	3528.15	3526.97	2137.69	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.08	6/1/75
34	Stores (37)	974.17	−1.4	6.58	2.78	20.66	1.25	988.31	965.89	944.58	809.87	988.31	26/2/87	707.79	23/1/86	988.31	26/2/87	52.63	6/1/75
35	Textiles (17)	679.08	+0.5	7.69	2.98	14.97	0.17	675.61	684.03	679.87	472.71	693.74	20/2/87	375.50	14/1/86	693.74	20/2/87	62.66	11/12/74
40	OTHER GROUPS (88)	974.49	−0.4	7.94	3.46	15.63	1.67	978.15	985.75	973.00	787.67	985.75	25/2/87	696.16	21/1/86	985.75	25/2/87	58.63	6/1/75
41	Agencies (17)	1342.05	+0.4	4.64	1.84	29.15	3.33	1336.14	1331.58	1327.06	0.0	1357.94	20/2/87	1111.16	2/1/87	1357.94	20/2/87	1111.16	2/1/87
42	Chemicals (21)	1283.09	−1.8	6.92	3.42	17.61	2.85	1307.18	1315.21	1290.26	875.53	1315.21	25/2/87	729.24	14/1/86	1315.21	25/2/87	71.20	1/12/74
43	Conglomerates (13)	1254.77	−0.2	6.98	3.48	16.95	2.00	1257.02	1266.50	1251.50	0.0	1267.85	17/2/87	1112.14	2/1/87	1267.85	17/2/87	1112.14	2/1/87
45	Shipping and Transport (11)	1928.50	−0.3	6.96	4.12	17.41	0.08	1934.31	1931.12	1889.20	1531.61	1934.31	26/2/87	1316.35	14/1/86	1934.31	26/2/87	90.80	29/6/62
47	Telephone Networks (2)	974.79	+0.3	9.59	3.95	14.21	1.09	971.64	990.02	982.67	935.26	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1335.67	−0.2	9.11	3.15	12.38	3.23	1338.55	1341.20	1320.93	974.34	1344.87	18/2/87	866.26	9/1/86	1344.87	18/2/87	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	1049.34	−0.2	7.00	3.01	18.10	1.92	1051.02	1048.88	1032.22	799.13	1051.02	26/2/87	691.89	14/1/86	1051.02	26/2/87	59.01	13/12/74
51	Oil & Gas (18)	1610.20	+1.0	10.53	5.36	12.00	19.18	1594.26	1561.77	1555.63	1119.64	1690.11	6/2/87	1093.63	20/2/86	1690.11	6/2/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1095.97	—	7.45	3.31	16.99	3.43	1096.10	1091.29	1075.59	827.94	1096.10	26/2/87	727.53	14/1/86	1096.10	26/2/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	681.09	+0.1	—	4.22	—	0.57	680.19	681.61	683.09	561.92	694.81	18/2/87	507.50	14/1/86	694.81	18/2/87	55.88	13/12/74
62	Banks (8)	715.49	−0.3	18.49	5.30	7.43	0.69	717.38	724.80	739.99	554.32	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	980.41	—	—	3.96	—	0.00	980.01	980.56	975.44	832.91	991.33	18/2/87	765.18	23/1/86	991.33	18/2/87	44.88	2/1/75
66	Insurance (Composite) (7)	564.31	+1.0	—	4.04	—	0.00	558.87	553.43	546.07	460.94	564.31	27/2/87	403.56	2/1/86	564.31	27/2/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1215.50	+1.9	7.93	4.36	16.41	1.58	1192.46	1192.35	1187.27	1251.13	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	382.06	—	—	3.01	—	0.82	381.99	383.70	382.99	328.82	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	877.38	−0.3	5.47	3.35	23.82	0.75	880.46	882.48	878.09	730.46	882.48	25/2/87	635.84	23/1/86	882.48	25/2/87	56.01	20/4/65
70	Other Financial (26)	427.58	—	7.53	3.58	16.98	1.47	427.62	426.47	425.10	331.60	428.14	20/2/87	287.55	24/1/86	428.14	20/2/87	33.29	17/12/74
71	Investment Trusts (96)	958.57	+0.2	—	2.44	—	2.12	956.55	955.69	947.47	693.51	962.62	18/2/87	633.36	14/1/86	962.62	18/2/87	71.12	13/12/74
81	Mining Finance (2)	375.45	−0.3	8.16	4.28	14.41	0.00	376.63	373.26	370.28	276.24	384.40	9/2/87	240.83	2/1/86	384.40	9/2/87	66.31	30/9/74
91	Overseas Traders (12)	886.49	+1.0	9.26	5.06	13.09	10.04	877.76	874.14	867.52	654.01	886.49	27/2/87	597.55	2/1/86	886.49	27/2/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	983.12	—	—	3.43	—	2.73	982.89	979.61	968.28	750.83	983.12	27/2/87	664.42	14/1/86	983.12	27/2/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Feb 26	Feb 25	Feb 24	Feb 23	Feb 20	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♣	1979.2	−1.0	1985.8	1967.0	1980.2	1973.1	1946.8	1939.7	1930.1	1543.9	1980.2	26/2/87	1370.1	14/1/86	1980.2	26/2/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 27	Day's change %	Thur Feb 26	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.67	+0.23	122.39	—	1.45
2	5-15 years	138.86	+0.52	138.14	—	2.55
3	Over 15 years	146.90	+0.61	146.01	—	2.16
4	Irredeemables	161.22	+0.07	161.10	—	1.28
5	All stocks	135.93	+0.44	135.34	—	2.12
	Index-Linked					
6	5 years	118.79	+0.28	118.45	—	0.83
7	Over 5 years	120.94	+0.19	120.72	—	0.68
8	All stocks	120.60	+0.20	120.36	—	0.70
9	Debentures & Loans	120.57	+0.02	120.54	—	1.01
10	Preference	83.78	−0.23	83.97	—	8.54

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 27	Thur Feb 26	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low	5 years	8.67	8.70	9.35	10.26	20/1/86	7.37	18/4/86
2	Coupons	15 years	9.40	9.47	9.73	10.87	20/11/86	8.32	18/4/86
3		25 years	9.41	9.48	9.73	10.88	20/11/86	8.33	18/4/86
4	Medium	5 years	9.75	9.84	10.60	11.89	14/1/86	8.58	18/4/86
5	Coupons	15 years	9.65	9.72	10.10	11.23	20/11/86	8.58	18/4/86
6		25 years	9.57	9.60	9.85	10.79	20/11/86	8.58	18/4/86
7	High	5 years	9.80	9.89	10.68	12.07	20/1/86	8.73	18/4/86
8	Coupons	15 years	9.79	9.86	10.27	11.41	20/11/86	8.73	18/4/86
9		25 years	9.55	9.60	9.94	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †		9.35	9.35	9.62	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.61	2.75	4.26	5.18	14/1/86	2.61	27/2/87
12	Inflat'n rate 5%	Over 5 yrs	3.38	3.39	3.71	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	0.95	1.07	3.20	4.23	14/1/86	0.95	27/2/87
14	Inflat'n rate 10%	Over 5 yrs	3.22	3.22	3.55	3.85	14/1/86	3.09	19/5/86
15	Debs &	5 years	10.50	10.62	11.29	12.78	27/1/86	9.72	8/7/86
16	Loans	15 years	10.58	10.59	11.09	11.93	4/2/86	9.79	22/4/86
17		25 years	10.58	10.56	10.88	11.91	20/11/86	9.69	17/4/86
18	Preference †		11.21	11.19	12.16	12.18	24/2/86	10.30	9/6/86

♣ Opening index 1976.7; 10 am 1973.1; 11 am 1978.1; Noon 1984.5; 1 pm 1983.8; 2 pm 1974.0; 3 pm 1970.7; 3.30 pm 1972.9; 4 pm 1976.6.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

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AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

BANK RETURN

BANKING DEPARTMENT	Wednesday February 25, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	1,664,325,893	− 493,638,110
Bankers Deposits	911,330,727	− 41,850,488
Reserve and other Accounts	1,521,961,603	− 98,708,752
	4,112,171,223	− 634,197,350
ASSETS		
Government Securities	466,502,756	− 39,030,000
Advance and other Accounts	1,199,277,686	+ 609,064,536
Premises Equipment & other Secs.	2,439,772,081	− 1,203,878,547
Notes	6,372,002	− 357,834
Coin	246,698	+ 4,495
	4,112,171,223	− 634,197,350

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	12,513,627,998	+ 10,357,834
Notes in Banking Department	6,372,002	− 357,834
	12,520,000,000	+ 10,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	941,556,785	− 704,480,058
Other Securities	11,567,428,115	+ 714,480,058
	12,520,000,000	+ *10,000,000*

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$400	7	19.60	—	—	3	38	$406
GOLD C	$420	80	9.90	35	20	—	—	"
GOLD C	$440	50	58	—	—	—	—	"
GOLD C	$460	10	2.70	—	—	—	—	"
GOLD P	$390	—	—	50	8.50B	—	—	"
		Mar 87		Jun 87		Sep 87		
Silver C	$550	—	—	—	—	12	40	$548
Silver C	$600	10	1	15	10	—	—	"
£/Fl C	Fl.315	2	5	—	—	—	—	Fl.319.56
£/Fl C	Fl.320	6	2.50	3	4.70	—	—	"
£/Fl C	Fl.325	—	—	10	2.80B	—	—	"
£/Fl P	Fl.310	205	1.20	—	—	—	—	"
		Mar 87		Apr 87		May 87		
$/Fl C	Fl.200	15	6.90	—	—	—	—	Fl.206.65
$/Fl C	Fl.205	38	3	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
$/Fl. C	Fl.195	90	12.30	—	—	—	—	Fl.206.65
$/Fl. C	Fl.200	80	9.30	—	—	13	11.50	"
$/Fl. C	Fl.205	91	6.50	—	—	1	9.20	"
$/Fl. C	Fl.210	16	3.60	3	5.90	—	—	"
$/Fl. C	Fl.215	50	2.20	—	—	—	—	"
$/Fl. C	Fl.220	50	1.30	—	—	2	3.90	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.540	427	3.20	74	8	14	13	Fl.494
ABN P	Fl.500	344	14.40	72	25.50	45	33	"
AEGON C	Fl.90	55	1.40	4	3	2	4	Fl.85.20
AEGON P	Fl.85	40	2.20	27	4.20	4	5.50	"
AHOLD C	Fl.105	13	5.80	1	8	—	—	Fl.107.10
AHOLD P	Fl.100	137	1.80	8	4.20	—	—	"
AKZO C	Fl.140	155	2.20	91	4.50	9	7	Fl.132.10
AKZO P	Fl.130	85	2.60	218	7.10	40	8.20B	"
AMEV C	Fl.65	20	2.60	—	—	—	—	Fl.65
AMEV P	Fl.60	—	—	—	—	50	2.80	"
AMRO C	Fl.80	315	3.60A	86	5.80	11	6.80	Fl.81.20
AMRO P	Fl.80	106	2.70	49	40	27	5.30	"
ELSEVIER C	Fl.250	15	4.50	6	11.40	—	—	Fl.242
ELSEVIER P	Fl.230	14	2.50	8	6.50	—	—	"
GIST-BROC. C	Fl.50	135	0.60	369	1	—	—	Fl.43.30
GIST-BROC. P	Fl.40	638	0.80	169	2.10	30	2.90	"
HEINEKEN C	Fl.180	12	0.60	103	1.50	3	2	Fl.147
HEINEKEN P	Fl.150	234	6.80A	16	9.30	—	—	"
HOOGOVENS C	Fl.45	36	0.90	87	1.70	6	2.50	Fl.38.30
HOOGOVENS P	Fl.40	196	3.70	101	4.80	1	5.60	"
KLM C	Fl.45	205	0.90	128	1.70	52	2.90	Fl.42.40
KLM P	Fl.45	42	4	103	4	141	5.80	"
NAT. NED C	Fl.85	136	0.50	—	—	—	—	Fl.72.20
NAT. NED. P	Fl.70	56	1.20	5	2.30	20	3.80	"
PHILIPS C	Fl.50	1757	1.50	420	2.90	147	4.20	Fl.49.20
PHILIPS P	Fl.50	250	2.80	985	3.80	146	4.30	"
ROYAL DUTCH C	Fl.210	368	6	28	7.30	43	8	Fl.212.20
ROYAL DUTCH P	Fl.210	148	3	391	9	7	11.50	"
ROBECO C	Fl.00	—	—	2	1.50	—	—	Fl.98.80
ROBECO P	Fl.00	5	3	10	3.50	—	—	"
UNILEVER C	Fl.540	337	4.50	171	11	24	20	Fl.516.80
UNILEVER P	Fl.500	168	5.50	76	148	—	—	"

TOTAL VOLUME IN CONTRACTS: 29,981

A=Ask B=Bid C=Call P=Put

INSURANCES

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	379.9	401.1	+1.4	—
High Income	324.0	343.8	+1.0	—
Property	217.4	230.1	....	—
Managed 2	95.5	101.1	....	—
Managed	269.4	285.1	+0.4	—
Managed 4	98.2	103.9	+0.5	—
Deposit	178.0	188.4	....	—
Gilt	136.3	197.1	+0.2	—
American	275.7	291.7	-0.2	—
International Money	199.0	210.4	+0.2	—
Far East	217.0	229.6	+1.5	—
Global	108.1	114.5	-0.1	—
European	109.3	115.7	+0.4	—
Japan	114.7	121.4	+1.0	—
Heritage Property	99.3	104.0	+1.2	—
2nd Series Pension Accumulation				
Equity	605.0	641.2	+2.6	—
High Income	385.3	412.5	+1.4	—
Property	305.9	323.7		—
Managed 2	95.5	101.1		—
Managed	392.2	415.0	+0.7	—
Managed 4	98.6	104.3	+1.0	—
Deposit	265.4	280.8	....	—
Gilt	263.0	278.2	-0.6	—
American	438.0	463.5	-0.3	—
International Money	286.0	302.6	+0.3	—
Far East	240.4	254.4	+1.8	—
Global	111.7	118.2	-0.1	—
European	113.2	119.8	+0.3	—
Japan	120.2	127.2	+1.2	—
Heritage Property	99.7	105.5	+7.7	—
Other Funds				
Equity Units		81.68	+0.30	—
Property Units		22.96	....	—
Balanced Bond/Exec	37.97	40.18	+0.08	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	121.0	128.0	....	—
Risk & Reward Bond	159.0	168.0	....	—
Murray Johnstone Fd	135.0	143.0	....	—
Money Market Fd	111.0	117.0	....	—
Investment Strategy Fd	120.0	126.0	....	—
Ivory & Sime Pens Fd	123.0	130.0	....	—
Risk & Reward Pens Fd	141.0	149.0	+5.9	—
Murray Johnstone Pens Fd	133.0	140.0		—
Money Market Pens Fd	111.0	117.0		—
Inv Strategy Pens Fed	101.0	107.0	....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Saxon Gate West, Cent Milton Keynes MK9 2LA

Current Series

Devonshire Life—Contd.

Money	100.9	106.3	....	—
Pen Managed	143.0	150.6	-0.3	—
Pen World Growth	109.1	115.0	-0.4	—
Pen UK Equity	159.5	168.0	-0.8	—
Pen UK Small Cos	144.0	151.7	+0.9	—
Pen European	101.3	106.7	+0.1	—
Pen Far Eastern	256.8	270.5	-0.7	—
Pen Nth American	99.4	104.7	-0.7	—
Pen Fixed Interest	114.2	120.3	+0.5	—
Pen Index Lnkd Stks	109.4	115.2	-0.1	—
Pen Money	106.0	111.7	....	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521 311

Secure Fund	104.9	110.5	+0.1	—
Blue Chip Fund	141.5	149.0	-0.2	—
Performance Fund	163.0	175.9		—
Adventurous Fund	160.7	169.2	-0.1	—
Pensions Secure	96.4	101.5		—
Pensions Blue Chip	109.5	115.3	-0.1	—
Pensions Performance	108.9	114.7	-0.1	—
Pensions Adventurous	108.1	113.8		—
Pensions With Profits	102.3	107.7	+0.2	—

Eagle Star Insur/Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	189.3	196.2	+0.1	3.75

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	184.2	193.9	+0.7	—
Fd of Inv Tsts	156.3	163.5	....	—
Gilt & Fixed Int	118.9	125.2	+0.4	—
High Income	172.5	181.6	+0.1	—
Intnl Growth	115.7	121.8	....	—
Managed	141.7	149.2	+0.1	—
Money	109.7	115.5	....	—
North American	128.9	135.7	+0.2	—
Pelican	164.7	173.4	+0.1	—
Property	108.8	114.5	-0.2	—
Special Sits	172.7	181.8	-0.3	—
School Fee Managed	157.1	165.4	+0.3	—
Pension Funds				
Far Eastern	212.1	223.3	+1.0	—
Fd of Inv Tsts	173.3	182.1		—
Gilt & Fixed Int	124.4	130.9	+0.5	—
High Income	199.6	210.1	+0.2	—
International Growth	120.8	127.2		—
Managed	157.1	165.4	+0.3	—
Money	119.8	126.1	....	—
North American	136.2	143.4	+0.2	—
Pelican	186.9	196.7	+0.2	—
Property	109.1	114.8	-0.3	—
Special Sit	197.7	208.1	-0.4	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$18.69			—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	11.17			—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$19.65			—
Dynamic Gwth Fd	$21.69			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.45	13.15		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-[illegible] 6761				
CAFCASH Call Fund	10.92	8.18	12.60	3-mth
CAFCASH 7-day Fund	10.94	8.18	12.93	11.71
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1915				
Deposit	10.80 (11.25CAR)		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.97	8.20	11.84	6mth
7-day Fnd	10.76	8.05	11.61	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.96	8.19	11.77	6-Mth
7-day Fund	10.78	8.06	11.58	6-Mth
Dollar	4.69	3.51	5.01	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
Mthly Inc Chq £1000-£5000	10.30	7.45	10.90	Mth
Mth. Inc. Chq. £5,000+	10.25	7.56	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-626 8060				
Money Mkt Cheque Acc	10.25	7.66	11.10	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.625	4.20	6.04	Mth
German Marks	3.50	2.62	3.73	Mth
Swiss francs	2.50	1.87	2.66	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth
For other rates please 'phone our Rateline 01-521 0629				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.92	Qtr
£2,500 +	10.38	7.75	11.24	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	10.625	7.94	11.52	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	10.25	7.66	11.18	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.57	7.90	11.33	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.00	7.70	11.16	Qtr
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I C.A. (£2,500+)	10.06	7.51	10.94	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 528656				
High Int Chq Acc	9.97	7.45	10.79	Qtr
£10,000 +	10.30	7.70	11.16	Qtr
M.I.M. Britannia Ltd				
74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.25	7.66	11.1765	—
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP 01-256 9993				
£2,000 to £9,999	10.25	7.625	11.05	Qtr
£10,000 and above	10.375	7.75	11.24	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acc	10.75	8.04	—	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	10.875	8.15	11.80	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	11.00	8.22	12.03	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	10.37	7.75	11.24	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.03	7.50	10.97	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	10.72	8.00	11.50	Qtr
Money Acc	10.70	8.00	11.60	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	10.25	7.66	11.17	Mth
Over £10,000	10.50	7.85	11.46	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	11.00	8.22	11.94	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9495				
High Int Cheque Acc	11.25	8.41	12.23	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd
2 Throgmorton Ave, London 01-638 6111

Unico Invest. Fund	DM69.25	71.40	.....	—

Unilife Assurance (Overseas) Ltd
P.O. Box 1388, Hamilton 5-31, Bermuda

Sterling Man Fd	£1.21	1.28	....	—
US Dollar Man Fd	$1.34	1.42	+0.04	—
Sterling Fixed Int Fd	£1.17	1.24	+0.01	—
US Dollar Fixed Int Fd	$1.19	1.26	.	—
ECU Bond Fd	Ecu2.05	2.17	....	—

Union-Investment-Gesellschaft GmbH
Postfach 16767, D 6000 Frankfurt 16.

Unifonds	DM28.35	29.80	−0.10	
Unirak	DM80.69	84.75	+0.20	—
Unirenta	DM38.09	39.30	....	

United Fund Managers Ltd
GPO Box 590, Hong Kong. 5-232417

S & My T	$9.46	9.90	.....	10.86

Viking Fund—SICAV
20, Boulevard Emmanuel Servais, Luxembourg
NAV Feb 10. Ecu 101.90

Warburg Investment Management Jersey Ltd
39-41 Broad St, St Helier, Jersey, CI 0534 74715

Merc. Com Mkts Feb 20	£62.30	£65.86	....	1.36
Merc T'sellotz Feb 20	£35.52	£36.42	. . .	1.65
Metals Trust Feb 19	£12.69	£13.00	. . .	—
Energy Int Feb 26	$71.86		+0.17	—
Merc Eurobond Feb 18	$23.07	23.10	.. ..	5.23
Mercury Far Eastern Trust Ltd				
Japan Fund Feb 27	£50.76	53.30	.....	0.27
Pacific Fund Feb 27	£42.66	44.80	....	2.56
Mercury Money Market Trust Ltd				
£ Managed	£11.04	11.69	.....	—
US$ Managed	$29.55	31.12	.	—
£ Sterling	£25.08		.	—
US$	$33.14		.. ..	—
D Mark	DM86.32		- - -	—
Yen	Y8,890		.....	—
Dutch Guilder	DFL115.58		....	—
Swiss Franc	SFr82.32		. .	—
Mercury Offshore Sterling Trust				
Global Fund	£1.042	1.106	−0.007	—
Overseas Fund	£1.137	1.212	−0.012	—
European Fund	£1.027	1.083	−0.003	—
Japan Fund	£1.229	1.301	−0.014	—
N American Fund	£1.196	1.159	−0.003	—
Pacific Fund	£1.135	1.209	+0.012	—
Utd Kingdom Fund	£1.186	1.254	+0.013	—
Cash Fund	£0.977		....	—
Mercury Selected Trust				
Global Fund	$42.22	45.12	+0.01	0.56
European Fund	$19.07	20.35	+0.08	—
Japan Fund	$19.05	20.35	+0.12	—
North Amer Fd	$13.39	14.21	+0.01	—
United Kingdom Fd	$19.30	20.63	+0.12	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
Gen Electric	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	$3\frac{1}{2}$
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	59	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

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INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
339	210	Morgan Crucible	338	+2	†8.5	1.5	3.6	21.8
24	15½	Morris (W) F.A. 20p	21	+2½	—	—	—	—
394	65	Mosson Grp 10p	392		†2.63	2.6	1.9	24.8
365	223	MMW Computers	290	–10	†6.0	3.0	2.9	16.7
225	27	Nash Inds	207	–5	1.5	2.6	1.0	52.5
*27½	17½	Neil & Spencer 10p	18	+½	—	—	—	—
47	28	Newman Inds 10p	44	+1½	†0.8	1.5	2.6	(33.6)
134	65	Noble & Lund 10p	92	+1	0.7	4.3	1.1	30.3
159	151	Nobo Group 10p	159		N4.75	2.8	4.2	12.1
65	39	Nolton	48		1.2	2.9	3.5	13.8
166	96	Norsk Systems 5p	160		m1.5	—	1.3	20.5
351	187	Novacs	327	–8	†9.3	2.3	4.0	15.0
277	49	Nu-Swift 5p	277	+1	†3.5	2.1	1.8	37.2
£135½	£228	OCE 9pc Cnv 1987-92	£309½		Q9%	—	4.0	—
143	80	Oakwood Grp.	143		4.0	0.6	3.9	55.0
250	173	Office & Elect	204	+1	8.5	2.9	5.9	8.3
42	26	Omnitech 1p	42	+1	—	—	—	—
36	18	Optometrics $0.01	23		—	—	—	—
890	500	Oriflame £1	855	+5	†22.5	2.1	4.7	16.6
10	5	Owenstone 12½p	7½		Q3.23c	1.9	13.4	3.9
143	85	PCT Grp 10p	148		3.2	—	4.7	—
£22½	£13¼	PLM 'B' Sk 25	£22½		Q29%	♦	2.9	♦
255	160	Paper Systems $0.01	179		LQ3.9c	4.3	1.4	16.6
242	97	Pacific Dunlop $0.5	237	–5	hQ13c	2.1	2.0	23.8
78	44	Pacific Sales 10p	68		3.0	1.4	6.2	16.2
542	246	Parker Knoll 'A'	538	–2	12.0	3.2	3.1	14.1
260	83	Parkfield Group 2p	243		†3.6	4.2	2.1	15.5
53	17	Pawson Ind	31		—	—	—	8.2
£130	£64½	Do 11pc CnLn '94-02	£90½		Q11%	—	12.9	—
627	393	Pearson	556	–3	†10.0	2.8	2.5	18.0
74½	12	Peek Holdings 3p	70	–2	—	—	—	—
176	88	Peerless	175		†6.3	2.0	5.1	(11.5)
625	147½	Pentland 10p	615	–2	†0.75	22.4	0.2	34.9
£34	775	Photo-Me	£27½		†5.75	11.7	0.7	16.0
774	315	Pilkington Br £1	775	+15	F22.0	2.3	4.0	12.3
350	68	Do. Warrants	350		—	—	—	—
£55½	£293	Pitney-Bowes Cpr. Ln.	£529½		Q5½%	—	1.1	—
96	52	Plastic Const. 10p	64		†2.8	1.3	6.2	16.8
*11½	5½	Platignum 5p	11		8—	—	—	19.0
200	115	Plaxton 1e	183	+5	3.08	4.1	2.4	11.1
131	98	Plasti Hldgs. 5p	131	+1	6Q3.0	2.3	3.2	19.1
46	9½	Polymark 10p	46	+2	6—	—	—	—
171	49	Do. CnPfA £1	171	+1	10%	—	8.2	—
365	195	Portals	305		†h7.33	3.4	3.4	12.1

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
90	32	Leisure Inv 10p	89½	+1	0.36	7.4	0.6	30.2
*112	55	Leisuretime Int 10p	87		†2.3	0.9	3.7	(46.1)
123	93	Learnar	105		u2.63	3.4	3.5	11.8
98	71	Marina Dev. 50p	96		R3.15	3.0	4.6	9.2
196	143	Mecca Leisure 10p	187		14.1	1.8	3.1	24.8
220	86	Media Tech Int 20p	133xd	+2	2.8	4.5	3.0	10.2
*215	130	Medminster 10p	213	+5	6.25	1.7	4.1	17.7
232	114	McSummer Leis 50p	220	+2	4.0	3.9	2.6	10.7
220	130	Miss World 10p	195		6.0	♦	4.4	♦
90	62	Kalvonwide Leisure	76½	+½	♦—	—	4.6	♦
17	8	Nimslo Int 20c	9	–1	—	—	—	—
44	29	Oceancorp Inv. R250.5	56	+1	Q0.5c	8.0	0.3	39.8
294	114	Orient Ex Hts $0.125	146		—	—	—	—
54½	23	Owners Abroad 5p	54½	+1½	1.5	2.3	3.9	15.6
90	46	Phocas (Lon.)	88		—	—	—	—
73	25½	P'dily Radio NV 5p	63xd	–7	2.0	1.9	4.6	21.5
95	25½	Pineapple 10p	88xr	+2	—	—	—	—
391	280	Pleasurama 5p	358	–1	†7.5	3.6	3.0	13.3
178	136	Do 7pcCvCnvRedPf	161xd	–2	7%	—	6.1	—
157	94	Prestwich	135	–2	0.85	6.9	0.9	22.9
93	18	Radio City 'A' NV	80	–8	—	—	—	—
88	33	Radio Clyde NV	68	–8	3.5	1.6	7.2	12.0
466	322	Really Useful Grp 5p	466	+28	11.25	2.2	3.4	18.8
70½	36½	Riley Leisure 10p	64	–½	—	—	—	—
230	129	Saga Hols 20p	164		4.6	2.6	4.0	13.9
355	148	Samuelson Grp 20p	189xd		2.4	6.5	1.8	11.2
123	69	Sangers Photo 10p	100		♦12.2	1.5	3.1	30.5
178	93	Scapro 20p	129xr	–2	n4.0	3.5	4.6	8.8
446	175	Scott. TV 10p	440		†10.5	3.3	3.4	12.6
27	7	Selec TV 10p	16½		—	—	—	—
37	19	Spectrum 5p	22		—	—	—	—
310	129	Stanley Leisure	305		a3.25	2.8	1.5	33.8
68	31	TSW 5p	67		2.05	2.6	4.3	12.8
319	137	TV-am 10p	305		R5.75	2.6	2.7	20.4
*334	144	TVS N/Vtg 10p	334	+4	10.0	♦	4.2	♦
188	59	Television Svcs 50p	78	–1	†2.0	2.9	3.6	12.0
411	239	Thames TV	406	–2	u9.5	1.9	3.3	22.8
88	50	Tottenham Hotspur	87	–1	—	—	—	—
116	60	Trilion 10p	105	–3	1.1	3.5	1.5	22.4
358	140	Tyne Tees TV 'A' £1	358	+1	†a10.5	2.0	4.1	13.7
151	74	Ulster TV	122	+1½	3.13	3.6	3.6	10.9
100	36	Viewplan 5p	77		1.26	1.4	2.3	(40.3)
146½	125½	Virgin Group 10p	142		u2.2	2.9	2.2	19.4
204	118	WSL 5p	189	+1	a0.71	14.1	0.5	18.9

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

IRISH

FINANCIAL TIMES

Saturday February 28 1987

Argentina loan raises confidence

BY TIM COONE IN BUENOS AIRES AND ROBERT GRAHAM IN LONDON

THE ARGENTINE Government has won an important vote of international confidence with the concession of a $500m (£323.2m) bridging loan.

It will be put together by the central banks of 12 countries belonging to the Organisation for Economic Co-operation and Development under the aegis of the Bank for International Settlements.

The facility comes at a crucial time for Argentina which is in a delicate phase of discussions with commercial banks for the rescheduling of $30bn of debt.

From the point of view of the international financial community, the arrangement locks Argentina deeper into financial orthodoxy at an equally crucial moment. It highlights the difference between Argentina and Brazil, which eight days ago suspended interest on $68bn of debt owed to foreign banks.

Mr Dilson Funaro, Brazilian Finance Minister, yesterday met US officials in the first stage of a tour of leading industrial nations to explain his country's demands for a new approach in solving the debt crisis.

To underscore Brazil's isolation, Venezuela was yesterday putting the finishing touches to a $21bn debt rescheduling agreement with its leading creditors, establishing what bankers hope will be a benchmark interest margin of ⅞ percentage points above London interbank offered rate (Libor).

The bridging loan to Argentina will shore up reserves until the disbursement of a $480m IMF trade compensatory facility approved in January, but unlikely to be disbursed before July.

Negotiations began on the bridging loan early in February, according to bankers in Buenos Aires. Discussions were apparently taken further at last weekend's economic summit of leading industrial nations in Paris.

In Buenos Aires yesterday it was suggested that announcement of the Argentine facility had been precipitated by Brazil's actions and was intended to shore up international confidence.

One foreign banker commented: "The loan is politically very important by demonstrating support for Argentina's new package of economic stabilisation measures."

This week a new price and wage freeze was announced, expected to last four to six months. By demonstrating support the leading western economic powers are also granting breathing space to the banks and Argentina to arrive at a mutually acceptable agreement.

David Lascelles writes: Sir Jeremy Morse, chairman of Lloyds Bank, said yesterday that recent developments in Brazil were "very, very disappointing."

Lloyds disclosed yesterday that its exposure to Brazil at the end of 1986 was £1,210m, up slightly from £1,120m in 1985.

Venezuela close to benchmark interest rate deal, Page 2

DHSS drops regional staff pay variations

BY DAVID BRINDLE, LABOUR CORRESPONDENT

ONE OF THE FIRST attempts by the Government to introduce a limited form of regional pay variation in the Civil Service has collapsed in the face of industrial action.

A spreading strike by senior staff at Department of Health and Social Security computer centres will end on Monday after agreement that a system of discretionary pay supplements will, in effect, be abolished.

The supplements, of between £400 and £800 a year, were intended to be paid at the discretion of managers in most government departments to ease local problems of recruitment and retention of computer workers.

They were to be additional to the workers' regular specialist allowances of up to £2,000 a year.

The strike action began four weeks ago when it emerged that only staff at the London and Reading headquarters (DHSS) computer centres, and only a minority of these, would qualify for the supplements.

Under the settlement all relevant DHSS staff, more than 600 in total, will receive backdated supplements. Further, the discretionary nature of the supplements in all government departments will be dropped from March 1, when they are consolidated into other allowances.

Ms Tess Gill, DHSS group secretary of the Society of Civil and Public Servants, the union involved, said yesterday: "We have got virtually everything we wanted. The geographical and functional differentiation is scrapped and the supplements are consolidated."

The development comes as the Civil Service unions warn the Government against attempting to introduce other forms of regional salary variation during the present annual national pay negotiations.

Union leaders believe the Government was reluctant to prolong the computer workers' dispute, risking dislocation of payment of unemployment benefit and risking a repeat of the 1983 dispute at the Newcastle upon Tyne computer centre. That cost the DHSS £170m.

The only comment the DHSS would make yesterday on the settlement with the SCPS was: "It was in nobody's interests to prolong the dispute."

The DHSS had proposed to pay the discretionary pay supplements to only 35 of 645 staff on appropriate grades.

Strike action began at Reading among SCPS members working alongside staff of the Employment Department, which was paying the supplements to almost all its corresponding employees.

By this week almost 200 senior staff were on strike at DHSS computer centres at Reading, Berks; Livingston, West Lothian; and Lytham St Anne's, Lancashire, with some at Newcastle threatening to follow suit.

The SCPS was poised to call outo n strike key operational staff at Reading, completely halting issue of computerised giro benefit cheques.

The union believes its action could also have set back irrevocably the programming of cheques required in April 1988 by the Social Security Act.

Although normal working will resume on Monday, the SCPS threatens to call further strikes at computer centres in April as part of the joint national pay campaign being mounted by it and three other Civil Service unions.

UK Awacs deal may resist US trade law

BY DAVID BUCHAN

BRITAIN HAS signed agreements with Boeing and the US Government to buy Awacs radar aircraft that might set a precedent for future UK success in resisting attempts by the US to apply its trade laws abroad.

Mr Archie Hamilton, Under-Secretary of State for Defence Procurement, said yesterday in a written parliamentary answer that a commercial contract with Boeing for six Awacs (Airborne Warning and Control System) aircraft and a US-UK government memorandum of understanding on support for the airborne radar system had been signed this week.

The agreements, Mr Hamilton said, "are free from any acceptance by the UK Government that US laws can be applied to encroach on UK sovereignty."

The Government, vociferously supported by opposition parties, has taken increasing exception to the long-standing US claim to control US goods wherever they go. This has been asserted more strongly in recent years by a Reagan Administration anxious to prevent militarily-sensitive technology from reaching the Soviet bloc.

The UK Government's assertion of its right to determine what is exported or re-exported from Britain will make little practical difference in this case. London and Washington apply virtually the same controls to military technology such as Awacs.

It is significant, however, that the British Government should have exploited its Awacs purchase contract as a long-awaited opportunity to reject US extraterritoriality, when France, which signed a similar Awacs contract this week, apparently did not. France is buying three Awacs in co-ordination with the UK purchase.

Britain, with closer political and economic ties to the US than France, has proved more sensitive to US extraterritorial claims, perhaps because of those very commercial links.

However, a clear distinction has been made in London. The Government has asserted its sovereignty but left it to individual companies to comply with US controls, even inspection, if they want to.

In a third agreement signed this week, Boeing has undertaken to the UK Government to provide British industry over eight years with offset work equal to the 130 per cent of the value of the Awacs purchase.

That figure became even less clear yesterday as Ministry of Defence officials admitted that the only figure they have publicly given for the Awacs purchase—£860m—might be inaccurate.

The Awacs price in the Boeing contract is written in dollars and will have to be converted into sterling with the UK taking the exchange-rate risk.

Furthermore, the £860m contains a £50m provision for cancellation and wind-up charges payable to GEC, the British company whose alternative Nimrod radar lost in competition with the Boeing Awacs.

Trade figures 'freakish' Continued from Page 1

The downward revision of projections for invisible earning in the final three months of last year is the last in a series of substantial changes.

In November, the CSO announced it had set an invisibles estimate for October of £900m, which kept the current account of the balance of payments just in surplus by £65m.

In December the CSO revised downwards its estimate for invisibles back to £800m for each of October, November and December, changing October's small current account surplus into a modest deficit.

Yesterday it revised its invisibles estimates down to £600m in each month of the final quarter. This latest revision means the current account was in deficit throughout the three months and the shortfall in 1986 as a whole now appears to be around £360m, rather than the £187m reported in late January.

The CSO yesterday set its projection for invisibles in January at £600m as well but acknowledged this estimate was based on hardly any data.

CSO officials said their downward revision for the final quarter was partly inspired by a delay in inflows from the European Community because of the cash crisis there and also by a reduced estimate of earnings on overseas portfolios held by British insurance companies.

Government officials declined to release estimates of how much these factors accounted for.

The CSO is due to publish next Thursday revised invisibles projections as far back as early 1985. Those, it warned yesterday, were likely to show smaller surpluses overall on the invisibles account than had previously been estimated.

Government officials acknowledged that those revisions were likely to make the current account deficit recorded for 1986 even larger.

Highams wins canal battle

By Ian Hamilton Fazey, Northern Correspondent

HIGHAMS, the industrial textile group owned by property developer Mr John Whittaker, yesterday finally won its six-month battle to take over the Manchester Ship Canal Company, which brings with it many acres of development land along the 20 miles of canal banks.

The admission of Highams' victory in its £37m bid came grudgingly from Mr Nicholas Berry, the MSCC chairman, in a speech to the company's annual meeting in Manchester Free Trade Hall.

Angry small shareholders did not realise the battle was over until Mr Roger Hoyle, from Rothschild, adviser to Highams, explained that the bidder had 57.4 per cent of the votes available at the meeting.

Highams used its votes to cancel the proposed dividend of 15p per ordinary share, and to sack all 10 existing shareholder directors, replacing them with just Mr Whittaker and Mr Martin Hill, Highams' managing director.

Mr Whittaker explained later that he would rather use the £800,000 cash the dividend would have cost in his efforts to raise £8m for capital development.

The takeover, launched in August, was complicated by the company's voting structure designed to favour small shareholders. A 100-share holding has 10 votes while a block of 1,000 commands only 28.

Highams has 58 per cent of the equity. Each side has been breaking down holdings among nominees to maximise voting power in ways which were strongly criticised by small shareholders at the meeting.

However, an expected battle of the nominee holdings did not materialise. Highams withdrew a court action to force registration of 18,000 nominees, whose veracity had been questioned, when the company agreed to register 1,700 Highams nominees who could be proved genuine.

This resulted in the collapse of the defence at the moment the company secretary sealed the share register at the start of the meeting.

Mr Whittaker now has to work with the 11 statutory directors of the company, all Manchester councillors nominated by the city's ruling hard-left Labour Party. The city council has a £5m debenture in the company and owes its watchdog position in the boardroom to a Government rescue of a bankrupt MSCC in 1904.

Mr Graham Stringer, leader of the council, said after the meeting that Mr Whittaker would find the company difficult to control and that the councillors would act to safeguard the interests of all shareholders and company employees.

Mr Whittaker has agreed to see the councillors late on Monday.

THE LEX COLUMN

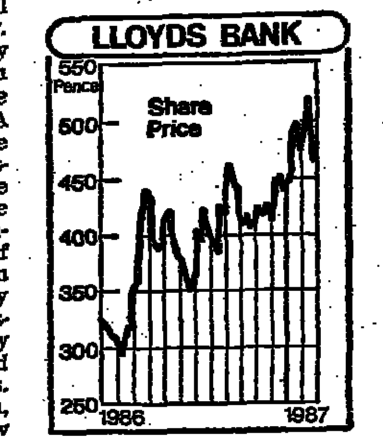
Unwrapping the deficit parcel

The dollar has had a good week since the G6 members put their signatures to an agreement tacitly promising central bank support for the currency. There has simply not been any news bad enough for foreign exchange traders to take the risk of shorting the dollar. A sharp drop in US durable goods orders reported on Thursday caused only a wobble, while yesterday's news on the trade deficit was sufficiently inconclusive to allow a range of interpretations. The $14.8bn (£9.8bn) deficit in January could be revised quite a distance up or down, judging by the fate of the November and December provisional figures. But with a bit of imagination, optimists could at least draw a downward sloping trend line. Meanwhile, news that both the Japanese and the West German trade surpluses fell sharply in January at least gave the impression that the trade imbalances are beginning to be sorted out.

However, the hope that the dollar is now fairly valued is probably still premature. Even if the US trade balance is slowly improving it will still be in sizeable deficit many months hence. And yesterday's inflation number, a rise of 0.7 per cent in January, suggests that the differential between the US rate and those of Japan and West Germany is enough to merit some slippage in the dollar.

Sterling, for its part, has also performed well despite a weakening oil price, which could be written off as a temporary surplus dating back to before the new production quotas were set. The currency market took the Labour loss in the Greenwich by-election as good for the Government, not noticing or not accepting that other marginal constituencies might vote tactically for the Alliance to defeat a front-running Conservative. And the January balance of payment figures looked good enough not to worry about the downward revisions to previous invisible surpluses from £800m to £600m a month. Only conspiracy theorists would argue that the change had been deliberately delayed, but it is certainly more convenient to make the shift when sterling is showing some resilience.

Index fell 1.9 to 1599.8



Lloyds Bank

The devotion of Lloyds Bank to its shareholders evidently goes further than mere mouthing of platitudes. And it is this thought, rather than a fairly widely expected 25 per cent gain in pre-tax profits to £700m in 1986, that allowed the shares to rise yesterday, 14p to 474p, while other banks' shares continued downwards. No doubt, Lloyds shares would be far higher still but for two things: Latin America and Standard Chartered.

Lloyds has nearly £5bn of assets, more than 10 per cent of the bank's total assets, in Mexico and points south. No wonder the chairman is compelled to believe that the latest Brazilian difficulties will eventually be resolved satisfactorily in the way that previous such crises have been weathered. It is some comfort that a reasonable slug of lending is to multinationals, though arguably Lloyds, like most other international banks, remains underprovisioned.

As for Standard Chartered, Lloyds must still be interested in trying again when the anniversary of its first bid comes round. But clearly there would be no point in making an approach unless the various "white-squire" shareholders are amenable to selling at a reasonable price. Standard's position is worse than it was last year, if only because of South Africa, and fears that Lloyds might throw itself into an over-generous offer are not justified.

For Lloyds' management is shrewd. Its investment in estate agencies was made at far lower prices than its competitors; and in 1986 the £20m employed there returned 25 per cent pre-tax. The continued emphasis on profitability rather than balance sheet growth for the hell of it has paid off in strong capital ratios and, in the absence of rights issues, earnings gr owth. Perhaps even the money sunk in the gilt-edged market-ma king business will one day pay off, though the experience of the clearers so far bodes ill for merchant bank results. A prospective multiple of under over-emphasises the risks.

Medium-termism

At the end of a week in which the share price of BTP climbed 73p on rumours of an anti-AIDS spray only to fall back much of the way when the absurdity of the idea sank in, it is appropriate that faith in market rationality should once more come under fire. But the latest research from the Centre for Economic Policy Research on stock market myopia is not concerned with such frivolity nor even with those cases — such as Cadbury's US difficulties in 1985 — where the market has neglected to read the press releases. It does, however, dare to suggest that the long-cherishd belief in the efficient discounting of future dividend streams is baloney and that in fact the market is usually transfixed by the next dividend.

The latest thoughts of Mr David Walker, executive director of the Bank of England, should go down better than this heresy. Greenwich may have further undermined his usual threat that if the markets do not do what he suggests a nasty dirigiste government will force them to do far worse; nevertheless, yesterday he provided pension fund managers in Eastbourne with a persuasive case for medium-termism. Having previously lambasted institutional short-termism in his crusade to root out the takeover, he now turned on the kind of inert long-termism which has let the problem companies attract predators in the first place.

He acknowledges that if institutions are to be more than rentiers and are to provide an external discipline on boards—without selling their stakes—they will need some encouragement to do so. Unfortunately, asking trustees to accept poorer performance levels smacks of other-worldliness at a time when fund managers are still circulating as fast as advertising agencies. And which competitively-monitored fund management group is going to rip into a company for off-balance sheet accounting or failure to appoint non-executive directors when, by doing so, the group is shrinking its potential client base?

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 8½pc 2007	£91¾	+ ¾
Barham	198	+ 8
BP	765	+ 10
Britoil	174	+ 7½
Cluff Oil	64	+ 9
Cowie (T.)	402	+ 9
Greenwich Cable	55	+ 10
Guinness	336	+ 12
Heywood Williams	275	+ 11
Kingsley & Forester	67½	+ 6½
Lloyds Bank	474	+ 14
Lon Prov Shop	340	+ 12
McLeod Russel	290	+ 49
Metal Closures	218	+ 12
Minorco	747	+ 12
Polly Peck	219	+ 9
Reliant Motor	34	+ 7
Sedgwick	336	+ 15
Share Drug	265	+ 10
Superdrug	480	+ 13
TI	641	+ 19
Underwoods	237	+ 49
Unigate	382	+ 16

FALLS		
Beecham	556	− 13
Burton	276	− 13
MEPC	347	− 9
Peachey Prop	351	− 5
Randsworth Tst	163	− 28
Wellcome	478	− 11

WORLDWIDE WEATHER

UK today: Mild, some sun in most places. Generally dry in east, showers later elsewhere. Outlook: Generally mild.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Belfast	Dr	12	54	Madeira		—	—	Perth	S	23	73
Algiers	F	17	63	Dublin	F	13	55	Madrid	F	12	54	Prague	Sn	1	34
Amsdm.	C	9	48	Dbrvnk.	S	12	54	Majorca	S	16	61	Reykjvk.	R	6	43
Athens	F	10	50	Ednbgh.	C	7	45	Malaga	S	19	66	Rhodes	S	12	54
Bahrain	S	25	77	Faro		—	—	Malta	C	13	55	Rio J'o		—	—
Barclna.	F	17	63	Florence	C	10	50	M'chstr.	C	11	52	Rome	R	10	50
Belfast	F	12	54	Frankft.		—	—	Melbne.	F	32	90	Salzbrg.		—	—
Belgrd.		—	—	Geneva		—	—	Mx. C.		—	—	S F'cisc†	C	7	45
Berlin		—	—	Gibraltar	S	17	63	Miami†	S	22	72	Seoul	S	−3	27
Biarritz	F	20	68	Glasgow	C	9	48	Milan	C	6	43	Singapr.	F	31	88
Bmghm.	F	11	52	G'rnsey	Dr	10	50	Montrl.†	S	−14	7	S'tiago		—	—
Blackpl.	F	9	48	Helsinki		—	—	Moscow		—	—	Stckhm.	C	−4	25
Bombay	S	28	82	H. Kong	C	11	52	Munich		—	—	Strasbg.	C	9	48
Bordx.	C	16	61	Innsbrk.		—	—	Nairobi	F	27	81	Sydney	S	26	79
Boulgn.		—	—	Invrnss.	F	6	43	Naples		—	—	Tangier	S	19	66
Bristol	R	11	52	I.o. Man	C	10	50	Nassau		—	—	Tel Aviv		—	—
Brussels		—	—	Istanbul	F	3	37	Nwcstl.	F	10	50	Tenerife	S	22	72
Budpst.	S	1	34	Jersey	R	10	50	N Delhi	S	21	70	Tokyo	F	8	46
Cairo	C	17	63	Jo'burg	T	18	64	N York†	S	−1	30	T'ronto†	F	−8	18
Cardiff	R	9	48	L. Plms.	S	22	72	Nice	C	9	48	Tunis	C	15	59
Cape T.	S	29	84	Lisbon		—	—	Nicosia	F	15	59	Valencia	F	21	70
Chicago†	C	2	36	Locarno		—	—	Oporto		—	—	Venice	C	−4	25
Cologne		—	—	London	R	12	54	Oslo		—	—	Vienna		—	—
Cpnhgn.		—	—	L. Ang.†	S	9	48	Paris	C	13	55	Warsaw	S	1	34
Corfu	F	12	54	Luxmbg.		—	—	Peking	S	6	43	Zurich		—	—

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

BBC 'likely to become smaller'

BY RAYMOND SNODDY

MR MICHAEL Checkland, the BBC's new director-general, said yesterday that the corporation would not grow and would probably become smaller.

At a press conference on his first full day in the most influential job in British broadcasting, Mr Checkland also warned that the BBC would review the range of its activities to see whether all were necessary.

"We have to decide whether our present range of services will be continued or if we have to change in any way. It is a very important strategic discussion we have to go into," Mr Checkland said.

The discussions began last night as the BBC board of management and board of governors began their annual weekend conference.

They will consider the future of BBC local radio—praised in this week's Green Paper on radio—and the extent to which departments such as drama should make use of freelance staff and independent production companies.

Mr Douglas Hurd, the Home Secretary, wants 25 per cent of the output put of Britain's four television channels to be provided by independent producers within four years.

Mr Checkland also made clear yesterday that 24-hour television was a low priority for the BBC.

"We have to decide what the priorities are. It seems to me the job of the director-general must be to provide the resources, the facilities and the atmosphere in which good programmes can continue to flourish," he said.

He promised that in spite of the Zircon spy satellite affair the BBC would continue investigative journalism.

"It is part of our responsibility and a crucial part of the democratic process."

BBC cuts power of festive threat, Page 7; Mr "Checkbook," Page 8

White House Continued from Page 1

the President could recover from the blows he had been dealt, and what he needed to do to recover. While opinions vary, there is widespread agreement that unless Mr Reagan acts decisively and involves himself more actively, his presidency is mortally wounded.

Whatever Mr Reagan's reaction, inquiries into the scandal wil continue. Senator David Boren, chairman of one of the two special Congressional committees investigating the affair said yesterday that their work would focus on questions such as: where the money went, how much money was involved, who knew about the diversion of funds to the Contra rebels and who directed the diversion.

President Reagan is scheduled to spend the weekend closeted with his advisers in Washington deciding what actions need to be taken. He is expected to address the nation next week.

The Tower Report is seen by some on Capitol Hill as raising doubts over the pending confirmation in the Senate of Mr Robert Gates, deputy to Mr William Casey as Director of the Central Intelligence Agency, to take over Mr Casey's job.

Separately, Mr George Shultz —who left Washington for China on Thursday just before the release of the Tower Report which criticised him and Mr Caspar Weinberger, the Defence Secretary—said that he did not intend to resign.

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WEEKEND FT

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Saturday February 28 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Menlungtse, an unconquered neighbour of Mt Everest, is described as "the loveliest vision of all." **Peter Gillman** reports on Chris Bonington's latest expedition

The peak of a career

Michael Frith

Chris Bonington embarks today on his latest and perhaps most enticing venture. Last night Britain's foremost mountaineer arrived in Oslo to renew an intriguing alliance with some of Norway's leading climbers. This morning he and his colleagues fly on to China, and within two weeks will be gazing at Menlungtse, an unclimbed peak close to Everest which is regarded as one of *mountaineering's most glittering prizes.* It is, says Bonington, "a magnificent mountain."

The impish adventurer Eric Shipton first revealed Menlungtse's delights in 1951, while making the reconnaissance of Everest that led to its triumphal ascent two years later. Shipton made an illicit foray across the Himalayan watershed from Nepal into Tibet, then closed to Western mountaineers. He came across an isolated peak rising almost sheer from a glacier, "its colossal granite walls pale and smooth as polished marble —every evening they glowed as coral."

The British climber Peter Boardman obtained an even better vantage point from the neighbouring summit of Gauri Sankar in 1979. He saw "a mighty white obelisk of snow and pale pink granite, whose shape matched that of the Matterhorn." Of all the peaks around, Menlungtse "was the nearest and loveliest vision of all."

In the quest for virgin peaks, no mountaineer could want a better recommendation. In 1984 Bonington, who had glimpsed Menlungtse during his successive attempts on Everest in the 1970s, sent a somewhat speculative letter to the Chinese Government, seeking permission to mount an expedition.

The first reply was hardly encouraging: the Chinese said they had never heard of Menlungtse. In fact, Bonington had offended the Chinese preference for local names rather than those bestowed by Westerners. Shipton had christened the peak Menlungste, after the nearby Menlung pass, whereas the Chinese knew it as Qiao Ge Ru. Bonington thereupon made a second application to climb Qiao Ge Ru and, with the diplomatic niceties restored, the Chinese agreed.

'I love climbing so much I couldn't give it up'

Bonington's surprise was matched only by his delight. "I am as excited about this as I have been for any previous expedition," he says.

For Bonington, 52, the Menlungtse expedition comes at a juncture when most mere earthbound mortals are considering how to bring their careers to a close in the most comfortable manner. He looks rudely fit, with bright eyes and a sporting beard, and has been at the forefront of British mountaineering *for 25 years.*

In his twenties, Bonington helped set new rock-climbing standards in Snowdonia and Lakeland in partnership with *the legendary Don Whillans. He next* turned to the Alps and made the first British ascent of the North face of the Eiger, a mountain made notorious by a *series of gruesome accidents in full view* of the media watching through the telescopes of the Kleine Scheidegg Hotel.

Bonington then looked to the Himalayas, *and has now led three expeditions* to Everest and others to K2 and Annapurna. His parties forged audacious new routes on the mountains' most intimidating faces, *such as the South-west face* of Everest and the South face of Annapurna. Yet his duties as leader meant that he was never able to join the final assault teams, and the world's highest summit eluded him until he climbed Everest by the traditional South Col route in 1985—at that time the oldest person ever to do so.

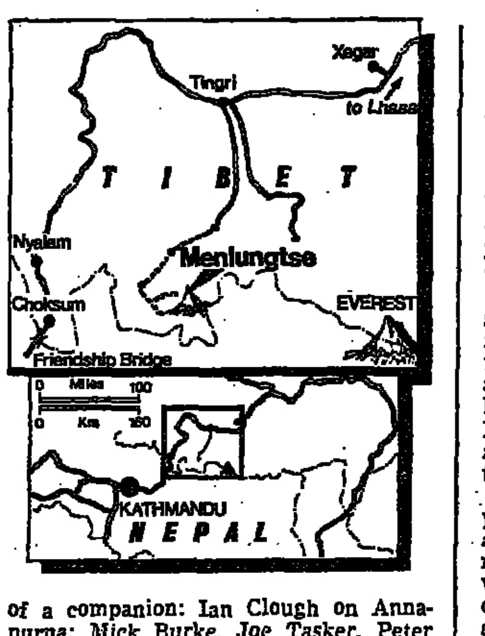
Bonington has been a pioneer for British mountaineers in other ways, setting an example through his skill at financing what is hardly a profit-based activity. After a spell as an army officer, Bonington worked for a time as a margarine-salesman, but found that when the mountains beckoned his sales quotas suffered.

He resolved to become a full-time mountaineer, gleaning a living from whatever spin-offs he could devise. Since then he has become an accomplished and fluent author with nine books to his name, including several best-sellers; his lectures are invariably packed; and *he has made rewarding forays in tele*vision and films. "I've been fairly successful," has says discreetly, "and I earn a reasonable amount of money."

Bonington's entrepreneurial activities at first aroused the enmity of other climbers, who found him defensive and edgy where money was concerned and wondered if it was distorting his goals. He has become visibly more relaxed and is today universally respected by his peers, both for his achievements and the image of the sport that he portrays.

He and his family—his wife Wendy, and their two teenage sons—live in a converted shepherd's cottage on the northern edge of the Lake District. Wendy has grown as accustomed as she will ever be to his absences, which he calculates at four or five months each year.

Bonington's greatest unease comes from the guilt he feels at exposing his family to the undeniable risks of his profession. All too often Bonington has had to convey the news of the death



of a companion: Ian Clough on Annapurna; Mick Burke, *Joe Tasker*, Peter Boardman on Everest. "It's a risk game. And in that sense I can't justify putting Wendy at risk. Yet I love climbing so much *I couldn't give it up.*"

Those reservations apart, Bonington professes to being as keen on climbing as ever. "I used to worry whether my stamina would go, but it hasn't. I'm climbing as well as I have ever done. I've learned from what's happened in the past, I enjoy doing what I'm doing now and I'm excited by what is in prospect for the future."

The Menlungtse expedition illustrates Bonington's attractive ability to find friends in the competitive world of elite international mountaineers. The friend*ships in question were struck during* the Norwegian bid to climb Everest in 1985.

Since the Norwegians had never attempted Everest before, they invited *Bonington for the experience he would* contribute. Bonington hesitated, for his own previous attempt in 1982 had seen the deaths of Boardman and Tasker, who *vanished high on the North-east Ridge* in circumstances chillingly reminiscent of the disappearance of Mallory and Irvine in 1924.

But Bonington's natural and deep-seated desire to reach the ultimate summit won and in the end he had much to thank the Norwegians for. He was at least 10 years older than most of his companions and found himself lagging behind on the final summit *approach, and at one point collapsed in* the snow.

The Norwegian Odd Eliassen, a carpenter, encouraged Bonington to his feet and promised to stay with him for the rest of the way. Bonington retains the warmest feeling for Eliassen: "He is one of the kindest, nicest people I've ever climbed with."

When Bonington received permission to attempt Menlungtse, it was natural for him to reciprocate. He invited two Norwegians to join him: Eliassen, and Bjorn Myhrer-Lund, a nurse from Oslo, who is probably Norway's best all-round mountaineer and, Bonington says, "a very modest and self-deprecating man."

The fourth climber in what is a comparatively small team is Jim Fotheringham, a dentist who lives near Bonington in the Lake District and has climbed with him in the Alps and Himalayas. Two other Norwegians have been enlisted as support climbers: Torgeir Fosse and Helge Ringdal, both businessmen who joined a trek to the Everest base *camp during the Norwegians' 1985 ascent* and leapt at the chance of returning to the region.

The Norwegian alliance has also *helped to solve the problem of how to* finance the £45,000 expedition. Bonington has been adept in the past at attracting top-flight British companies to sponsor *his ventures but even his name* proves less seductive for a lesser peak such as Menlungtse — 23,564ft high, against Everest's 29,028ft.

For a time Bonington contemplated selling places on the expedition for trekkers who could accompany them to base camp and might even be prevailed upon to help carry their loads. In the end Helge Ringdal found the neatest solution. He canvassed his business contacts until he had enlisted a consortium of Norwegian companies with interests or ambitions in China to underwrite the expedition. They include the Bergen Bank, which has an office in Beijing; the China-Geco Geophysical Company, a joint Norwegian and Chinese seismic company; Norsk Hydro Power; and the "17 Group" *which sells ships' gear to* China.

Ringdal also wooed a variety of marine, export and exploration companies, among them Fjellstrand, Osco Shipping, the Skeie group, Stord Bartz, and the Ulstein group; banks and finance groups, such as the Christiana Bank and Eksportfinans; and the airline SAS. He even persuaded Europe's Business Newspaper to become involved, and Bonington's reports on the expedition will appear exclusively in the Financial Times.

Bonington, meanwhile, was lobbying his own business acquaintances, and the British companies who have agreed to supply goods and services range from Dan Air and the Newcastle equipment company, Berghaus, to the Lake District manufacturers of Calthwaite fudge and the local farmhouse which makes its own Cheddar cheese.

Even for a man of Bonington's experience, the days before departing on an *expedition are invariably hectic. Bonington* was in London last week to complete a last-minute deal with ITN, and his time was further circumscribed by taking part in a lecture-tour to help raise money for an Alpine climbing hut that will serve as a memorial to Don Whillans, who died in 1985. But once the team arrives beneath the mountain it will be able to concentrate on the task in hand.

Since no one has attempted Menlungtse before, it remains something of an unknown proposition. The first goal will be to establish base camp in a yak pasture at the foot of Menlungtse's west ridge. The team will spend 10 days acclimatising to the altitude and conducting a reconnaissance of the mountain's southern and northern flanks. From poring over photographs taken by expeditions to neighbouring peaks, Bonington believes that the most promising route could lie up a slender arete or ridge in the centre of the mountain's south face.

The arete looks formidably steep. But Bonington recalls the climber's adage that "you can never tell how difficult a route is until you are rubbing your nose against it. "It is likely to present around 5,000ft of climbing on both rock and ice and will require a high degree of technical expertise. But it has one overwhelming advantage. It is, says Bonington, "reasonably safe."

What climbers and non-climbers imply by "safe" are of course two different things. In this context it means that the climbers should not be in danger of avalanches, since the arete stands clear of the snow-slopes and there are no overhanging ice-pinnacles above. As Bonington concedes, no Himalayan expedition is ever risk-free. "But in this case," he says, "the risks seem reasonable and acceptable."

The main obstacle may lie in the strong, cold winds that could greet them at this early stage in the pre-monsoon season. Bonington draws consolation

'Success, especially in the Himalayas, is never guaranteed'

from the fact that they will not be venturing into the so-called "death zone" *that supposedly* lies above 26,000ft, where the lack of oxygen causes an inexorable physiological decline. With due caution, however, Bonington points out *that while their chances must be rated* as fair-to-good, "success, especially in the Himalayas, is never guaranteed."

The expedition has one further objective to give it spice. The glacier close to Menlungtse was where Eric Shipton took his celebrated photograph of a Yeti footprint in 1951. Since it remains the single most important item of evidence for the existence of the Yeti, supposedly half-man, half-beast. Recently, some authorities have expressed doubts over the footprint, wondering whether it could have been a combination of several paws or feet, or even—in view of Shipton's puckish sense of humour—a fake.

Bonington is not among the sceptics. "I am sure there is something there," he says, and he and his colleagues will be keeping an eye open for further evidence. But Bonington admits that if he did see a Yeti he would be presented with a "terrible ethical dilemma."

Should you broadcast the fact to the world, he asks? "Or should you leave the poor old Yeti to live in peace?"

The Long View

We all pay for the debt crisis

Brazil's problems may seem remote but the problems of the banks which have made unwise loans affect us all, says Anthony Harris. But while there are unavoidable costs, there are some opportunities, too

THE NEWS that the secondary market in perpetual floating-rate notes has virtually collapsed is probably not keeping you awake at nights. You might be equally unconcerned about the fate of the much-larger market for ordinary FRNs, which is now in difficulties. But the problems of the banks, which lie behind these market events, are worth your attention. Even if you are not a shareholder, you are a customer.

The troubles of the banking system became obvious, of course, as far back as 1982, when the Mexican debt crisis first came to light, and had been boiling up under the surface for some years before that. These difficulties—basically, a doubt about claims of some hundreds of millions of dollars possibly being written down or written off—have been depressing bank shares and their credit ratings ever since.

However, the hope has persisted, against much evidence, that the banks and the borrowers could somehow work their way out of trouble, given enough time. That hope largely evaporated with the Brazilian suspension of interest payments, and it is time to draw up a statement of account.

The nature of the problem has not changed in a decade. In the 1970s, the banks stepped into a situation which governments were unwilling, and probably unable, to solve: providing a home for the Opec surpluses.

These should have gone into long-term investments, but the Arabs naturally did not trust the official IOUs of their victims, or even their stock market securities. Their funds might have been sequestered.

The banks looked safer because they could not risk the consequences of refusing to honour their deposit obligations; nor would governments dare to force them to do so. So began the great game of recycling, to loud official applause.

If this operation had been restricted to the Opec problem, no harm would have been done. In due course, when the oil price fell, the deposits would have been withdrawn again. *However, banks cannot profit*ably take deposits unless they can make equal loans.

It was the search for lending opportunities which led to the trouble. The industrial governments could have saved a lot of future trouble if they had mopped up the Opec deposits by selling bonds to the banks; but they did not do so, for a host of reasons. The ironic one was that they trusted the judgment of the banks.

The rest you know: the stampede of lending officers to the developing countries, to the oilfields, to the farms, and to every other borrower who might be tempted into bankruptcy.

After the folly of all this *became evident, first with* the Mexican crisis and then with the collapse of Continental Illinois, the final, unfinished *phase began. The banks tried* to find the sound loans to dilute the questionable ones on their books; and they tried to *develop new sources of income* outside the deposit-and-loan business.

You can read the results in your junk mail: for, with one accord, the banks have decided that the safest business is personal business — mortgages and other loans, tempting golden credit cards, insurance, stock trading, estate agencies, and as many new services as they can invent.

It is pleasant to be wooed in this way, of course; but it does *put rather a strain on one's self*-control, and it is clear that some people have failed this test.

English-speaking borrowers seem to have the *easiest virtue,* and the resulting boom in personal borrowing has kept the economy buoyant (and the balance of payments on a downward path) in Britain and the US.

Now comes the *reckoning.* For some, it is in the bankruptcy court. For far more, it is a burden of debt service obligations which gives the victim a keen understanding of what Brazil is going through — and a keen wish that a personal borrower could get away with what the Brazilians have done.

You and I, to be sure, are *not in either of these classes,* but we will still have to pay. The bill comes in the interest charges on your credit card, which *are held at usurious rates* to cover the bad debts; on your *overdraft, which does not re*flect your status as a reliable borrower; and now, it seems likely, in your privacy.

The banks seem to have woken up, rather late in the day, *to the fact* that it is no good restricting loans to one customer on some rules of prudence if he can wander round the corner and get another loan and another credit card. They are now discussing a central credit register. Before long, Big Brother will indeed be watching you.

Even if you live by the Polonius rules yourself, and do not owe a penny, *you might* have to pay some of the bill. If the solution to the Latin American crisis involves further write-downs and *write-offs of* bank loans, then the banks will declare less profit and pay less tax; and the less they pay, the more the rest of us must pay.

The banks themselves are the biggest sufferers, as is just. *Their big corporate customers* can now borrow more cheaply than the banks themselves, and have to be wooed with ingenious currency swaps and other devices. The wholesale money market is getting more and more difficult (that is the meaning of the troubles in the FRN market), and the ventures into new services are proving *extremely costly. Management* is an ever-bigger consumer of midnight oil.

The only practical advice for readers in these circumstances could make banking life just a little more difficult. It is to shop around. *Respectable com*petitors to the banks may be offering cheaper loans because their rules have been wiser. The Government itself is bidding for savings with rates of return which seem to defy reason.

Good hunting!

• CONTENTS •

Made of strong stuff

MRS ROSIE BARNES may have plunged the Labour Party into a crisis of confidence, and rattled the Tories, but in these heady times the City of London is made of stronger stuff: her spectacular victory for the SDP-Liberal Alliance in Thursday's Greenwich by-election left the markets little moved yesterday.

There was an initial downward wobble, but by mid-morning the indices had recovered their poise (helped along by a smaller than expected trade deficit in January and a firming oil price), before the FT-SE 100 index closed at 1979.2 down just 1.0 on the day.

Nevertheless, the remarkable new year surge in share prices has seemed a little more erratic over the past seven days and the advance rather more cautious. The FT-SE 100, which ended the previous week at 1,961.5, dipped early in the week on the back of Wall Street before a mid-week attempt to break through the psychologically important 2,000 barrier. The market reached 1995.3 at one point on Thursday before dropping back.

It was helped along by a further batch of good domestic economic news. The CBI's latest monthly trends inquiry reported growing optimism over the short-term prospects for output, while the National Institute of Economic and Social Research, one of the gloomier forecasting bodies, upped its growth projection, nudged down its inflation expectations and halved its previous forecast of the 1987 current account deficit.

Sterling, for its part, enjoyed a strong run in the wake of last weekend's Paris agreement on currency stabilisation. However, a mid-week dip, as Brent crude dropped to $16 a barrel, underscored its sensitivity to the continuing oil price uncertainty.

But even with all this good news, and the expectation of tax and interest rate cuts at the time of the budget, the result of the Greenwich by-election might have been expected to knock the market backwards, given that it has been discounting a Conservative victory at an early general election. Greenwich would seem to make an early poll less likely, and its eventual outcome less predictable, perhaps increasing the possibility of a hung Parliament.

Yet the market has evidently put a more optimistic gloss on the result: that it is freakish, that the real loser is Labour and that Tory tactical voters will return to the fold come the general election.

All of this may be true, but it underlines the concern of some analysts that the market is listening more readily to good news than to bad, and that this balance could change after the budget, with the current upward run peaking out for the year or correcting itself downwards.

Against that, however, there is the weight of money argument: that the market is now being driven primarily by institutional liquidity, and more especially by US and Japanese investors entering the UK in strength. The theory goes that the internationalisation of their portfolios, and the relative under-valuation of the London market, means that the indices may have further to run.

So although UK fund managers may be growing more cautious, and increasingly tempted to top-slice their equity portfolios, fear of being left behind means no-one is yet jumping off the bandwagon.

As for individual equity sectors, the past week has seen a further extraordinary surge in pharmaceutical stocks on the back of the AIDS crisis, while the UK clearing banks, which started their reporting season this week, took a knock in the wake of Brazil's decision to suspend interest payments on its debt.

National Westminster Bank (which has less exposure to Latin America than its rivals) underscored its position as Britain's biggest clearer by posting pre-tax profits of just over £1bn, up 26 per cent, making it the first UK bank to pass the billion pound mark. The milestone was only passed thanks to interest from its huge mid-year rights issue (which also cut earnings per share growth to 20 per cent), but the results were nevertheless good, with a 37 per cent increase in domestic banking profits, no rise in the ratio of bad debt provisions to loan-book, and a

London

net gain of 400,000 new customers.

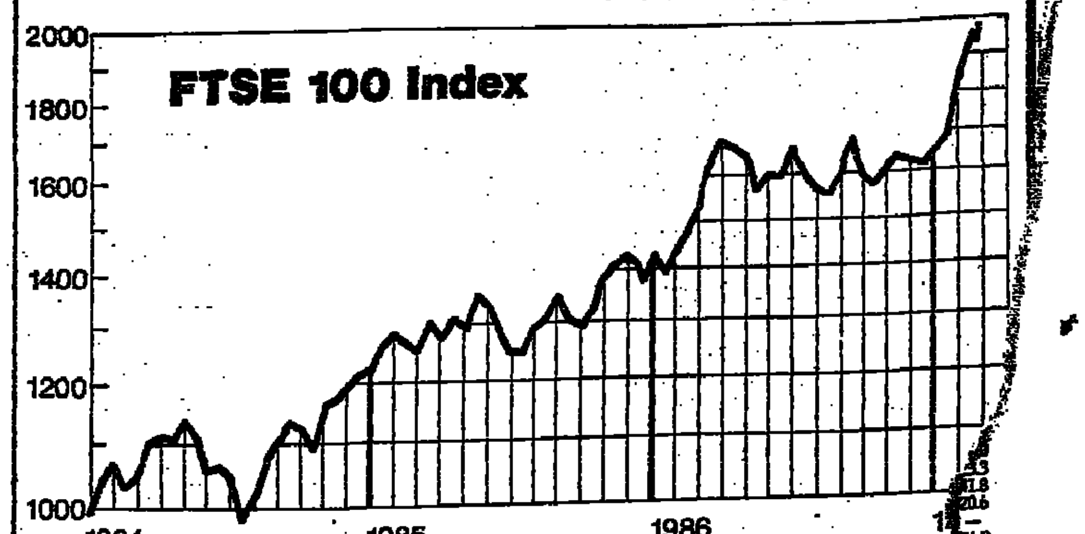
The figures presented a considerable contrast to those of Barclays, which has lost its traditional position as top clearer and this week produced 1986 pre-tax profits at the bottom end of expectations: £595m, a rise of just 6.5 per cent on last year, making Barclays look the least appetising stock in a far from exciting sector.

On the takeover front, the most important event of the week was the Government's decision — on the recommendation of the Monopolies Commission — to block the two putative bids for British Sugar, a subsidiary of S. & W. Berisford, from Tate & Lyle and Ferruzzi, the Italian agribusiness. Ferruzzi was also ordered to reduce its 23.7 per cent stake in Berisford to 15 per cent over the next two years.

This had always seemed the likeliest outcome, but it leaves open the question of what both Tate, which holds 14.9 per cent of Berisford, and Ferruzzi will do with their stakes, which could be a vital launchpad for another predator. Certainly the market still thinks Berisford is in play, for after an initial drop on the news of the Government's verdict, its share price actually rose.

A second company reported £1bn pre-tax profits this week when Imperial Chemical Industries weighed in with £1.02bn, up 11 per cent on 1985. ICI has been here before—in 1984 it made a record £1,034m—yet the latest performance is more impressive, since the figure of two years ago was highly dependent on an over-valued dollar.

Sir John Harvey-Jones, the outgoing chairman, argued that the figures were also better on the grounds that they had come "more from the sort of businesses we want to be in in future." Yet the strongest rise came not from the speciality chemicals which ICI has been emphasising in recent years, but from cyclical commodity products in petrochemicals and plastics. And the market, disappointed that the dividend was still short of 1979's inflation-adjusted peak, marked the shares sharply down both on Thursday and yesterday.



ICI has long been jealous of the much higher market rating awarded to pure pharmaceutical chemical companies. It will have watched enviously as the stock market's growing fever over companies involved in the fight against AIDS has sent the share prices of Glaxo, Wellcome and others through the roof.

Glaxo, which has seen its market capitalisation far outstrip ICI since the start of the year, gave a further powerful fillip to the advance this week when, in a long-awaited address to international analysts, it gave fresh details of its (non-AIDS) research and development pipeline. Its shares now trade on a prospective p/e of about 24, which common sense might suggest is a reasonable premium.

Yet where AIDS is concerned, the market is anything but reasonable. This was heavily underscored this week when BTP, which is involved in a three-way takeover battle for fellow chemicals group Barrow Hepburn, saw its share price rise 45 per cent in a morning.

The cause was its announcement that one of its existing products was capable of "killing the AIDS virus outside the human body" and that disinfectants based on it could be used in the environmental control of the disease.

This in itself hardly [...] startling claim—as the [...] ment of Health poi[...] ordinary household ble[...] eliminate the virus. B[...] go on to say that its p[...] was not a cure for Aids, that there was no evidenc[...] the environmental spread of the desease, but the market w[...] not interested in that.

The company was immediatel[...] accused by rival bidder Yule Catt of a "cynical use of non-information." But equally surprising is the gullibility of the market. Next week, perhaps, a remarkable new invention for turning base metal into gold. . . .

Martin Dickson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-7 High	1986-7 Low	
F.T. Ord. Index	1,599.8	+32.3	1,601.7	1,094.3	Budget hopes/economic optimism
Assoc. Newspapers	495	−41	550	218½	London evening paper circulation war
Barham	198	+42	198	111	Bid approach
Birmid Qualcast	255xd	+39½	276	84	Awaiting moves from Hepworth Cer.
Boots	317	+24	323	209	Widespread "institutional" support
Camford Eng.	152xd	+26	152	56½	Bid speculation
Cowie (T.)	402	+99	413	79	Doubled profits and dividend
FII Group	470	+75	490	251	Excellent half-year figures
Glaxo	£15 11/16	+ 7/16	£16¾	756	Satellite presentation to analysts
Greenwich Res.	202	+34	206	70	Press comment/AGM yesterday
Guinness	336	+23	367	264	Stake-building rumours
Headlam Sims	75	+22	76	32	Mr I. Kirkham takes 5pc stake
IBL	101	+16	165	45	West German expansion hopes
Lloyds Bank	474	−29	527	295	Latin American debt anxieties
MEPC	347	−17	380	276	Offer for Oldham Estates
Marler Estates	£10¾	+1 11/16	£10⅞	153½	Prop. devel. prospects foll. QPR acq.
Peachey Prop.	351	+18	356	255	British Land acquires 5pc stake
Pittard	280	+90	280	82	Better-than-expected results
Racal Elec.	250	+22	256	148	Forthcoming UK and US presentations
Wellcome	478	+55	521	156	Anti-AIDS drug hopes

Spot the sisters

WHEN ROYAL DUTCH/SHELL reports its 1986 figures next Thursday the City expects to see £2.4bn net profits on a historic basis (£3.3bn on the replacement method). This compares with £3.03bn and £3.11bn in 1985.

While the fourth quarter, at about £600m net, will be down on 1985's £860m, the fall is not expected to be as sharp as the one experienced by BP in the closing three months of 1986.

In the US, Shell Oil last month reported a 61 per cent drop in fourth quarter earnings, to $254m, bringing the total for the year to $883m compared with $1.65bn in 1985. Part of the fall, in the past three months in the US, was because of a $70m payment to settle a Department of Energy claim over price control violations.

In Europe, a sharp decline in natural gas profits is expected, and downstream margins are thought to have slipped as input costs rose. However, with spot oil prices now down again, almost $2 below the $18 a barrel level that Opec (and BP) was aiming for, the market will be keen to compare the prospects of two European sisters in the $16 scenario.

UNILEVER, the Anglo-Dutch consumer products group, produced strong growth in 1986,

Results due next week

with pre-tax profits up 20 per cent to £812m at the nine-month stage. Analysts are expecting it to turn in between £1,150m and £1,175m when it reports its full-year figures on Tuesday, against £954m in 1985.

One of the main areas of uncertainty is the US, where the group mounted a very aggressive programme of new product launches in the fourth quarter, for both laundry detergents and toothpaste. This could cut the area's contribution to below the very strong 1985 performance. The $3.1bn acquisition of Chesebrough Ponds, the US personal products business, was completed after the year's end. In Europe the group should record solid progress, with personal products thought to be a particularly strong performer. Overseas should also show substantial growth.

MIDLAND will be the last of the big four clearing banks to declare its preliminary results when it reports on Wednesday. Although its pre-tax profits, at about £430m, are expected to be a lot smaller than the rest of the big four, that will still represent a good improvement on last year's £351m.

Although the sale of Crocker was a great relief, it did result in a decline in net interest margins and increased the importance of non-interest income to Midland's profits. In the first half, non-interest income was boosted by dealing profits on gilts, but it is unlikely that the second half would have benefited from the same effect.

Midland has not rid itself of problem loans—under the terms of the Crocker sale, several billion dollars' worth of international and US non-performing loans remain. Nevertheless there should be no scope to reduce the bad debt charge from last year's £431m.

Analysts will also be watching for a widely-expected rights issue.

STC, the electronics and computers company, is expected to turn in a strong performance when it unveils its finals on Tuesday, particularly when compared with the dismal figures of the previous year.

Analysts are predicting pre-tax profits of about £125m for the full year, against a loss of £11.4m in 1985.

Vigorous cost-cutting by STC's new management is one of the main reasons for the turnround. But so, too has been an exceptionally good year from ICL, the group's computer subsidiary which accounted for the lion's share of its parent's profits in the first half.

ICL's clear-headed strategy and its new products are beginning to pay off. STC in the second half also benefited from payments for finished contracts by Submarine Systems, its underwater cable business.

With only 27 per cent of its business coming from the US, where insurance premium rates have been on the upswing for more than two years, COMMERCIAL UNION could never expect to match the bumper pre-tax figures announced by Royal Insurance on Thursday.

Analysts are expecting £100-£110m from CU on Wednesday (a huge recovery from its £58.8m loss in 1985). Attention will focus, however, on CU's US performance relative to industry averages—to see if drastic staff cuts and streamlining of agency networks have fed through to real gains in the underwriting efficiency that CU disastrously lacked in the early 1980s.

In the UK (36 per cent of CU's business), the group had a strong flow of new business on personal, commercial, and London market marine and aviation accounts in the year's first nine months, which should have continued. Warburg Securities and other brokers still have CU on their "sell" list, however, in spite of the recent speculation about a bid from TSB.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alliance Trust	Friday	6.0	14.7	7.5
Allied Plant	Tuesday	—	—	—
AMS Industries	Tuesday	—	0.82	0.5
Blagden Industries	Tuesday	3.5	3.7	3.5
British Kidney Patients Association	Tueday	—	4.0	—
Channel Isles and Intnl. Invest. Trust	Monday	—	—	—
Commercial Bank of Near East	Tuesday	—	30.0	—
Commercial Union	Wednesday	4.8	6.9	5.2
Corah	Thursday	1.6	2.4	1.6
Crowther, John	Tuesday	1.5	0.5	1.0
Deres Estates	Tuesday	0.5	—	—
Dean and Bones	Tuesday	—	1.0	—
Fife Indmar	Thursday	0.7	2.7	0.7
Fisons	Tuesday	2.1	3.3	2.5
Fleming Mercantile I.T.	Tuesday	1.2	2.3	1.5
Heywood Williams	Thursday	2.4	4.3	2.7
Instem	Wednesday	0.75	1.5	1.0
Jaguar	Thursday	3.0	5.6	3.3
Johnstone's Paints	Tuesday	1.7	2.5	1.7
Lex Service	Thursday	4.1	6.5	4.1
Microvitec	Tuesday	0.5	0.7	—
Midland Bank	Wednesday	11.0	14.5	11.5
Mount Charlotte Investments	Tuesday	0.5	0.87	0.61
Nichol J. N. (Vimto)	Wednesday	2.75	3.25	2.9
Palma Group	Monday	0.75	1.25	0.82
Provident Financial	Tuesday	4.8	10.6	4.0
Radius	Thursday	—	0.44	—
Rights and Issue Investment Trust	Tuesday	1.0	3.0	1.1
Rivlin	Wednesday	—	0.1	—
Royal Dutch Petroleum	Thursday†	4.5	8.3	4.5
Space Planning Services	Monday	—	—	—
SPP	Thursday	—	2.0	1.7
STC	Tuesday	—	—	1.5
Task Force Group	Monday	—	—	—
TI Group	Thursday	5.0	8.0	6.0
Tozer Kemsley and Millbourn	Wednesday	—	—	—
Unilever	Tuesday	11.5	27.0	14.9
Unilever N.V.	Tuesday‡	5.6	2.8	6.1
INTERIM DIVIDENDS				
Astra Industrial Group	Monday	—	—	—
Britannia Security	Tuesday	0.6	0.9	
Casket, S.	Tuesday	0.8	1.4	
Consolidated Goldfields	Wednesday	8.5	16.0	
Galliford	Thursday	1.0	3.8	
General Accident Fire & Life Assurance	Wednesday	8.0	14.0	
Green, Ernest and Partners	Monday	—	0.71	
Haggas, John	Wednesday	—	3.52	
Kleinwort Benson International Income Bond Fund	Thursday††	16.3	67.6	
Lawtex	Wednesday	1.0	1.0	
Macro, H.	Wednesday	—	0.7	
Medminster	Wednesday	2.1	4.1	
Sinclair, William	Tuesday	1.4	3.7	
Star Computer Group	Wednesday	—	1.0	
Synapse Computer	Wednesday	—	2.2	
Trade Promotion Services	Monday	1.1	3.2	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Fl per share gross. ‡ Fl per share gross. †† Per share gross.

Less liquid than expected

IN THEORY the City favours imagination and innovation in new issues. In practice investors tend to plump for the tried and tested. Even the language of the City reflects this, as beady eyes scan the new issue lists for the "next Body Shop" or the "next McCarthy & Stone."

Judging by the performance of two of the most active USM stocks of last week, the USM seems to have found candidates to follow in the footsteps of both former USM growth stocks.

Ostensibly the sale of spectacles and contact lenses has little or nothing to do with natural beauty products, but the current contender for the laurels of the "next Body Shop" is the rapidly expanding group of opticians, Miller & Santhouse, which joined the USM in September.

Miller's shares have soared since September. By the beginning of last week they had more than doubled from the placing price of 105p to 227p. A flurry of favourable comment combined with hopes of a healthy set of interims on March 10 enabled the shares to end the week at over 260p.

The secret of Miller's success has been its ability to introduce contemporary design and retailing ideas into the hitherto dull and dowdy sphere of the High Street optician. The company was founded ten years ago in Liverpool, and has since expanded to form a chain stretching across Wales, Scotland and the north of England.

When Miller first went public it sported 22 outlets. It has since opened four, and plans to open another six by the end of its financial year in June. Each unit adopts the same marketing formula of fashionable

Junior Markets

products, bright shop design and standardised pricing.

The rate of expansion is so frenetic—and there is plenty of capital to fund future growth—that the house broker, Capel-Cure Myers, has upgraded its profits forecast for the full year from £600,000 to at least £700,000, pencilling in more than £1m for the following year. Even with a prospective p/e of 32, analysts anticipate further growth. The only problem is, predictably, the paucity of equity in issue.

If Miller & Santhouse is cited as the "next Body Shop," then Anglia Secure Homes is seen as the successor to another of the USM's most successful graduates, McCarthy & Stone.

Like McCarthy, Anglia is involved in sheltered housing, probably the most buoyant area of the building sector. Its share price has fared even better than that of Miller & Santhouse, surging from the placing price of 115p to more than 370p since its début in July.

Last week Anglia's share price received a fillip from rumours that McCarthy was on the brink of a bid. The rumours are unfounded, but Anglia's prospects—its broker, Phillips & Drew, forecasts a rise in profits from £841,000 to £2.4m in the current year—seem so bright that its shares do not look too demanding even on a prospective p/e of 23.

Meanwhile the progress of Third Market has been distinctly lacklustre. The market attracted a flurry of interest from individual investors in its first week of dealings; the pace of business has dwindled ever since.

Last week was no exception. Even Eglinton Oil & Gas, the largest third tier stock, which has dominated dealings in recent weeks, was less active. Corton Beach, the holding company, succeeded in attracting attention after an acquisition a week ago, and sustained interest during the week. Yet dealers report negligible interest in the other stocks.

In many ways this lack of liquidity is scarcely surprising. The companies quoted on the third tier are small and speculative, with limited amounts of equity in issue. The market was always expected to be fairly illiquid, yet most market makers concur that it is not only more illiquid than they had thought, but more so than the USM at the same stage.

Most of the dealers seem resigned to continued illiquidity punctuated by flurries of interest whenever announcements are made or new issues redirect attention towards the third tier.

Fortunately the next new issue is on its way. Edenspring Investments plans to apply for Third Market membership on Monday and to begin dealings on March 10. Edenspring is the product of the reverse takeover, in November, of a property investment company by Braham-Hill, which is involved in corporate communications and publishing.

Hitherto Edenspring has traded on the over-the-counter market, but proposes to join the third tier in order to facilitate acquisitions. At the present share price of 90p it should be capitalised at £2m. And perhaps it might lubricate the Third Market.

Alice Rawsthorn

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.25	7.45	5.77	4.20	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.02	8.18	6.34	4.61	half yearly	1	2,500 minimum	0
Schroder Wagg	7.66	7.93	6.15	4.47	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.48	7.19	5.93	4.75	half yearly	4	—	0
10pc Treasury 1990	9.83	6.94	5.34	3.85	half yearly	4	—	0
10.25pc Exchequer 1995	9.80	6.87	5.26	3.74	half yearly	4	—	0
3pc Transport 1978-88	6.95	6.05	5.55	5.08	half yearly	4	—	0
2.5pc Exchequer 1990	7.12	6.32	5.88	5.47	half yearly	4	—	0
Index-linked 1990¶	7.08	6.48	6.16	5.85	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Ang Nordic Hldgs	31½*‡	27	23½	2.99	Smidth (F. L.)
Arncliffe Hldgs	75*§	97	98	3.75	Govett Strat In Ts
Avana Group	749§	733	480	261.55	RHM
Baker Perkins	329½	352	355	131.44	APV
Barrow Hepburn	89½‡	88	42	29.74	BTP
Barrow Hepburn	75§§	88	72	24.92	Yule Catto
Berisfords	176½‡§§	171	137	9.67	Ferguson Indl
Burns-Anderson¶	115*	135	—	23.64	Dudley
Chambrln Phipps	123½	134	130	44.87	Wardle Storeys
Dataserv	195	188	200	64.14	Bell South Corp
DJ Securty Alrms	133	131	91‡‡	5.40	Britannia Security
Exco Intl¶	316§§	328	203‡‡	739.88	Brit & Comm
Europn Ferries¶	148	148	231	342.89	P&O
Feb Intl¶	180½	169	208‡‡	3.13	Tarmac
Feb Intl 'A'¶	122	124	78‡‡	6.23	Tarmac
Fothergill Hrvy¶	336½	334	178	42.22	Courtaulds
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	135†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Highgate & Job	200*	275	200	1.94	Fraser (Robert)
Home Farm	202½	178	113‡‡	9.46	Sutherland (E. T.)
Hwrd & Wyndhm¶	18*§	19	20	3.28	Intermediate Secs
Jacksons Brn End	445*§	460	428	9.50	Bugge Eind A/S
Lond & Nthn Grp	81†	69½	71½	90.11	Demerger Two
Municipal Props	£35½§§	£34½	£24½	17.17	Merivale Moore
Natnwide Leisure	77½*	76	77	8.30	Inspec E. & E. Grp
Newbld & Burton	103	98	60	4.33	Black (P.)
Nottingham Brick	386§§	382	363	41.69	Marley
Sarasota Tech	162	156	107	28.61	Peek Hldgs
Tenby	272§§	266	217	47.87	Emess Lighting
Thermax	182	188	175‡‡	21.18	Heywood Wms
Utd Tst & Credit	532½§	520	470	13.06	Somportex
Wettern Bros	159§	155	173	1.89	RMC
Trade Prom Servs	270½§	258	251	15.77	EMAP

Prices in pence unless otherwise indicated.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Ashley Ind Tst	Sept	57	(63)	0.95	(1.23)	0.5	(—)
Barclays Bank	Dec	895,000	(840)	88.9	(67.9)	21.0	(18.6)
Barrow Hepburn	Dec	2,200	(2,260)	4.88	(4.13)	2.7	(2.5)
BPP Holdings	Dec	625	(405)	13.8	(11.5)	5.6	(—)
Bullers	Dec	855	(586)	5.02	(3.89)	2.0	(1.5)
Cadbury Schwpps	Jan	131,000	(93,000)	14.28	(9.31)	6.7	(5.9)
Capital, Counties	Dec	14,000	(9,000)	13.3	(8.5)	4.0	(—)
Cowie, T.	Dec	8,210	(4,060)	43.6	(23.5)	6.5	(3.5)
Electronc Machn	Sept	12L	(30)	—	(1.2)	—	(0.7)
Foreign, Colonial	Dec	13,300	(12,000)	1.72	(1.51)	1.69	(1.47)
ICI	Dec	1,020,000	(908,000)	14.3	(29.3)	36.0	(33.0)
Ladies Pride	Nov	76	(397)L	0.69	(—)	0.75	(0.75)
McAlphine A.	Oct	26,000	(23,000)	49.5	(38.9)	14.5	(12.5)
Metal Bulletin	Dec	1,240	(1,030)	9.0	(6.83)	4.8	(4.25)
Miss World	Dec	602	(555)	18.51	(17.02)	6.0	(5.2)
NatWest	Dec	1,011,000	(740,000)	94.0	(78.0)	20.5	(17.2)
Pittard	Dec	4,170	(2,670)	22.6	(16.0)	5.12	(3.72)
Ratcliffs	Dec	1,030L	(136)	—	(—)	1.25	(2.5)
Royal Insurnce	Dec	305,000	(41,000)	105.3	(12.2)	31.0	(25.0)
Trencherwood	Oct	4,210	(3,020)	29.07	(21.09)	6.15	(5.2)
Vickers	Dec	54,000	(43,200)	40.7	(36.3)	15.0	(9.0)
Wates, Cty of Lon	Dec	8,350	(4,020)	158.4	(127.4)	2.54	(2.31)
Westwood Dawes	Dec	299L	(102)	—	(—)	—	(—)
Yorkshire Chem	Dec	3,230	(1,830)	19.3	(10.5)	3.5	(3.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alumasc	Dec	2,430	(1,290)	2.5	(—)
Benchmark	Dec	280	(676)	0.75	(0.75)
Courtney Pope	Nov	424	(352)	2.25	(1.75)
DPCE	Dec	2,550	(1,880)	0.58	(0.48)
Eleco Holdings	Dec	1,310	(1,000)	2.0	(1.5)
Electron House	Nov	441	(239)	1.5	(1.4)
F and H Group	Oct	342	(369)	1.59	(—)
FII Group	Nov	3,000	(1,060)	7.75	(6.75)
Framlington Grp	Dec	1,680	(941)	—	(—)
Global Group	Nov	216	(173)	1.25	(1.0)
Goodman Bros	Oct	14	(153)L	—	(—)
Isotron	Dec	766	(779)	0.6	(0.5)
Jackson, W., Son	Oct	1,400	(772)	—	(—)
Lee Intnl	Nov	4,230	(2,300)	1.0	(—)
Merrivale Moore	Dec	2,450	(617)	1.5	(1.0)
Stonehill	Oct	1,350L	(58)L	—	(—)
Utd Packaging	Oct	407	(468)	1.65	(1.4)

(Figures in parentheses are for the corresponding period)

*Dividends are shown net pence per share, except where otherwise indicated. L Loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Barbour Index—Stock market placing of 900,000 shares at 215p.

Wilson Bowden—is coming to the stock market through an offfer for sale of 27.5 per cent of its shares at 130p.

Forward Group—USM placing 1.6m shares at 125p.

JSB Electrical—USM placing 1.5m shares at 115p.

RCO—Stock market placing of 1.65m shares at 95p.

John D. Wood—USM placing 2.3m shares at 144p.

Colours still flying

AT LAST the market has had a run of really bad news to contend with. Indeed, in a less jovial and optimistic age, the last week of February 1987 might have gone down in the history books as a totally black period for America and much of the Western world.

Given the magnitude of the challenge, the market—with a fall of only 2 per cent on the Dow Jones Industrial Average since the peak it hit last Friday—must be pronounced to have *come through with flying* colours.

Consider what has happened since last Friday's record. Over the weekend, the Group of Five conference in Paris had less success in bolstering the flagging dollar than in drawing attention to the desperate straits of the Japanese economy—which looks as if it is drifting ineluctably into its worst recession since the second world war.

Figures from Germany and France, too, have confirmed that 1986 was a year of *economic slowdown around the* world, despite the halving of oil prices. Yet the "deal" worked out between the finance ministers and central bank governors holds out no clear prospects of the much lower interest rates in Japan and Europe, which would have finally laid to rest the fears that the Federal Reserve Board might ultimately have to tighten US monetary policy to stem the dollar's decline.

Not unconnected with the worldwide economic slowdown, Brazil's threatened default on its $105bn debts has brought the Third World debt crisis back

Wall Street

OPEC's difficulty in sustaining the oil price—another indicator of international economic weakness—has obviously had a dampening effect on oil stocks. But it could equally have been a bearish factor for the whole market, which has been booming since last summer partly on hopes of a new era of stable oil and commodity prices.

Some of this unsettling international news, especially the weakening of oil prices, was at least susceptible to other, cheerier, interpretations. There has been no such ambiguity on *the domestic front.*

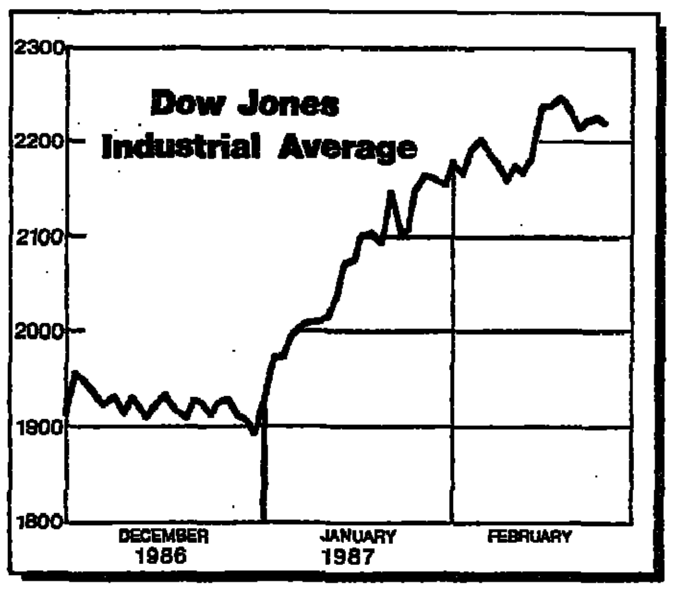
Most prominently, of course, there has been the Tower Commission's damning report on the Irangate scandal, which could well mark the end of the Reagan *era in the US.*

What makes the Irangate scandal truly significant for the markets however, is that it greatly increases the Democrats' chances in the next Presidential election. And on a more cynical note, the ascendancy of the *Democrats in Washington could* also negate the chances of a carefully-engineered pre-election boom in 1988.

Meanwhile, the US economic indicators have varied from bad to shocking. The biggest blow was the collapse of durable goods orders in January. Analysts had been expecting a slight decline in capital spend*ing this year, in reaction to the* 1986 tax reform package.

But the 7.5 per cent fall announced on Thursday—the worst such figure since the beginning of the 1980-81 recession—went far beyond the gloomiest expectations. Combined with recent downward revisions of 1986 GNP and inventory figures, the durable goods orders have put a big question mark against forecasts for a revival of US economic activity, especially in the trade-sensitive manufacturing sector, in the first half of this year.

They have also dimmed the prospects for the cyclical and heavy engineering stocks which have been in the vanguard of the stockmaretks' climb since *last summer. In view of this,* the fall of only 9.56 points in the Dow on Thursday must be adjudged a triumph of bullish psychology over bearist fundamentals.



The triumph looked all the more impressive yesterday morning, when the market managed to recoup the whole of Thursday's losses despite two further economic shocks. An 0.7 per cent jump in the consumer price index—about double the analysts' average expectation—marked the worst inflationary performance since the black days of June 1982.
bull market.

The trade figures showed a *sharply higher deficit of* $14.8bn, as well as an upward revision of the December deficit from $10.7bn to $12.7bn. US exports in January fell by 11 per cent while imports increased by 7 per cent and every major industrial component of the trade deficit was up.

The market's resilience to all these figures was particularly striking, given that a turnround in the US trade performance, as "evidenced" by last December's figures, had been *one of the most important* economic factors fuelling the present market boom.

MONDAY	22216.54	−18.70
TUESDAY	2223.28	+ 6.74
WEDNESDAY	2226.24	+ 2.96
THURSDAY	*2216.68*	*− 9.56*

Anatole Kaletsky

Cash let out of the bag

PARIS IS looking far gloomier from an economic viewpoint than it did a week ago, but the prospect of slower growth and faster inflation has done little to dampen the enthusiasm of *stock market investors.*

The bourse rose steadily throughout the week and hit a new record on Friday claiming airily to have anticipated all the bad news that Mr Edouard Balladur, the minister for the economy and finance, let out of his bag on Wednesday.

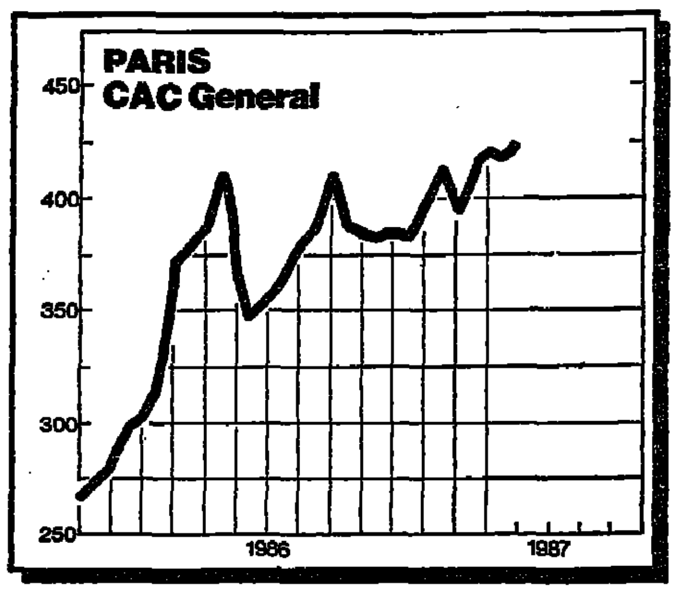
Perhaps the most damaging news was on inflation. While *the markets had been bracing* themselves for a sharp rise in the consumer prices index for January, the increase of about 0.9 per cent in the month has triggered concern from trade *unions and casts some doubt* on how long France will be able to hold its wage costs to a slower rate of increase than West Germany.

The official government *fore-cast of inflation for the year*—now raised to 2.5 per cent from the 2 per cent figure included in its budget — still looks over-optimistic to many observers. The European Commission, for example, *has revised its fore-*cast of French inflation this year upwards, to 2.8 per cent from the 2.3 per cent rate it forecast in October.

It is the same story for French economic growth. Mr Balladur has lowered his forecast for the growth of French gross domestic product, but still expects growth to top 2 per cent. The Commission, by contrast, has lopped 0.7 percentage points off its French growth forecast to bring it down to 1.8 per cent.

None of this deterred the *market. Foreign investors* had earlier been selling into the rise, and had helped to prevent the bourse rising too strongly. Many stopped selling last week, and the Paris CAC index now *finds itself back at its level of* the end of January, up 7 per cent on the year.

According to Mr Richard Lake, technical analyst at brokers Savory Milln, the CAC index is now showing a chart shape very similar to the UK FTSE 100 index at its break at 1670 in early January, "so it suggests a strong upward move which might take the Paris CAC General up to at least 500 over the next few months."



On the side of the fundamentals, too, several brokers are confident, as French companies begin to announce their 1986 results.

"Company profits are *a priori* very good, but some are going to be even better than expected," says Mrs Claire Rodrigue, analyst at the French brokers Tuffier Ravier. Mrs *Rodrigue expects profits for* quoted companies to be up by an average of 20 per cent in 1986, with a further 16 per cent earnings growth to come in 1987.

Newly privatised St Gobain did better than this, announcing net consolidated earnings up 90 per cent to FFr 1.43bn to the new shareholders who came to its general meeting at *the Zenith, a Paris concert hall* more accustomed to the sound of Status Quo and Johnny Hallyday.

Earnings for 1986 are improved also by the reduction in corporate tax rates, from 50 per cent to 45 per cent.

"Other things being equal, this reduction in taxes should increase net profits of the companies concerned by 10 per cent," said Mr Andre Levy-Lang, president of Compagnie Bancaire, the financial services group, as he reported an 18 per cent rise in net earnings—*partly because of this tax bonus.*

But the main driving force behind the Paris market at the moment is liquidity.

"From what we are seeing, the cash flow from private clients is enormous," commented one Paris broker.

The cash is flowing thick and fast through the mutual funds, including those which benefit from tax advantages under the Monory law for investing in French equities, and which must invest their money by the end of March.

It is also, however, coming directly on to the stock market from individual investors who, for the first time, have set up bourse accounts at their banks or with stockbrokers after a preliminary paddle in the relatively calm and protected waters *of the St Gobain and Paribas* privatisations.

In the Paribas flotation, 3.8m individual investors, mostly applying for ten FFr 405 shares each, saw their allotments *scaled back to four shares. This* leaves around FFr 9bn of unsatisfied cash which, brokers hope, will come straight back into the market—not counting the institutional investors who *were out of the Paribas offering* altogether.

Far from saturating the Paris market—as some, including officials at the finance ministry, had feared—the privatisation *programme appears to have* brought out untold wealth from under the beds of French investors.

Paris

"You must not underestimate the richness of the French. They can always bring back some of the money they have hidden in gold or over the frontiers," said Mr Pierre Moussa, the former chairman of Paribas, speaking at the American Chamber of Commerce last week.

This realisation is not only encouraging the finance ministry to accelerate the flotation of companies in the state sector, but also allowing other companies to call on the market without fear of being crowded out by the privatisations.

Rhone Poulenc, the state-controlled chemicals group, was prevented by its owners from raising new funds last year. It is now, at last, being allowed to go ahead with a FFr 2.5bn issue of privileged certificates of investment.

George Graham

Difficult to predict a move

TIME was when a hint of trouble at the White House would get gold going. Only a few years ago a rumour that President Reagan was dead set the market alight from Hong Kong to London to New York.

Now the entire administration seems to be crumbling and nothing happens to gold prices.

Similarly, it was once held as *self-evident* that the threat of a debt default by a big Third World borrower would work wonders for bullion, as investors ran for cover for fear of a monetary crisis. This week, *Brazil, which vies with Mexico* for the position of the world's largest international debtor, with outstanding loans of £104bn, announced that it was suspending interest payments on its medium and long-term bank borrowings. Again not a tremor in the gold market.

It would, of course, be quite wrong to suggest that gold prices have become immune to external political and economic influences. It seems clear, for example, that last year's increase in the US dollar price owed at least something to the *rise in platinum prices,* which was itself fired by concern about South Africa.

It is also true that neither the Tower Commission's damning report on Irangate, nor the Brazilian default, were entirely unexpected. In the first case, the likely outcome was well known in advance; in the second there was a strong element of *déjà vu.*

Resources

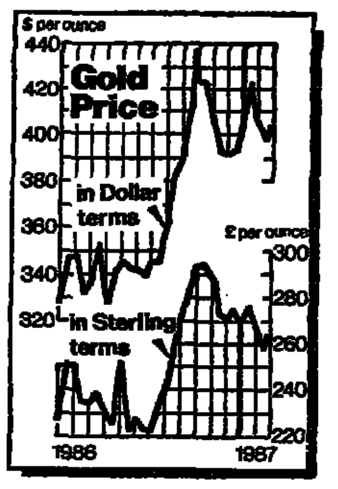
But the events of the past week do underline how difficult it is to predict what might or might not move gold. An argument strongly supported at present among gold bulls is that after five years the soaring stockmarkets in New York, London and Tokyo cannot possibly have much further to run. When the inevitable correction comes, so the theory goes, it will come suddenly and send investors scurrying into gold.

Shearson Lehman Brothers, the broking company, put this case forward in an annual report on gold published this week.

Shearson acknowledges that after seven successive years of increasing production, there is no shortage of bullion on the market, particularly as there are unlikely to be any buyers in 1987 to match Japan—last year Japan bought nearly half the West's annual mine production.

However, Shearson says there is scope for a strong price increase if the US stock market starts to top out. The report says that the total value of investment purchases of gold *in 1975-85 is only 0.45 per cent* of the capitalisation of the world's stock markets. For the bond market the figure is only 0.3 per cent. It would therefore take only a tiny shift in funds into gold to have a huge effect on prices, says Shearson.

The figures make a telling point. But it is by no means clear why funds invested in gold during a brief panic on the stock and bond markets should necessarily stay there for long. As long as inflation rates stay low and real interest rates remain high, investors holding gold will be giving up income. It is worth bearing in mind that the more pessimistic forecasts for the world economy see stagnation rather than a resurgence of inflation as the more likely threat.



At the end of the day, Shearson *is quite cautious, predicting* an average 1987 price of $425 an ounce—and that is after allowing for further depreciation in the US currency. This implies that in other currencies gold could continue to bump along close to its lowest levels for the 1980s. The chart above shows how sterling prices have lagged behind US dollar prices.

Currency considerations are also important in the gold share markets. Domestic investors in South Africa and Australia have been able to protect themselves against the rapid depreciation of their currencies in recent years by buying gold stocks, because gold is an export commodity priced in US dollars. But for investors in the UK, not to mention Switzerland, West Germany or Japan, the relative strength of their currencies has tended to nibble into capital gains and dividends.

Stefan Wagstyl

• FINANCE & THE FAMILY •

Risk-free reserve

IT MAY be a gimmick, but RBC Trust Managers are making quite an *offer to support* the introduction of two new unit trusts. During the launch period up until March 21, you may "reserve" 20 units for every *100 bought and take them* up later (until June 1) at the offer price of 50p, even if the quoted value of the unit has gone up above that level in the meantime.

In other words there will be an opportunity for an instant profit if the funds perform well during the next few months *and the unit price is driven* higher. You will be able to buy the reserved units at 50p whatever the current market value at the time.

RBC will automatically reserve the extra 20 per cent of units at 50p each in your name at the time of purchase but these may be taken up only if the original investment is retained in your name. You are not forced to buy the "reserved" units, if you don't wan to, *supposing, for example, the* value of the funds has fallen below the original offer price.

So the option is heavily loaded in favour of the investor.

The two trusts being launched with the special offer are RBC Select International Trust and North American Trust. The offer to reserve 20 per cent of units bought applies to all sizes of investment, ranging from the minimum of £500 upwards. There are the normal standard charges — 5 per cent initial cost and 1 per cent annual management fee. RBC is a subsidiary of the Royal Bank of Canada, the biggest financial institution in Canada and the sixth largest bank in North America.

Barry Thorp, managing director of RBC in London, says that it is only by being part of such a large group that they are able to afford the scheme, which is aimed at making them better *known in the UK unit trust* market.

It is, after all, a potentially very expensive exercise for the group. They will be covering *the risk of the stock market* continuing to surge upwards by RBC buying an extra 20 per cent of the units, at the end of the launch period when they *know how many have been* "reserved," and putting them in the box until June 1. The cost of financing is likely to be steep.

*Alternatively, to protect them*selves against markets crashing, the group will probably use "put" options on stock indices.

So far RBC have concentrated *on offshore funds*, which have a good investment track record. Now they are using their resources to make a splash in the UK.

John Edwards

Back on the defensive

DOES Fidelity know something that the rest of the investment world doesn't. While stock markets internationally are booming at a record-breaking pace, Fidelity has decided to launch a unit trust that will enable a defensive investment strategy to be adopted.

Called the Global Convertibles Trust, it will invest in convertible-type securities which tend to provide a lower return than by going into the underlying stock direct, but also to decline less in value.

The initial portfolio has a distinctly defensive look — 50 per cent in UK convertibles, 15 in US; 10 in Far East, 5 in Europe and 20 in gilts and fixed income.

The trust will be on a fixed price offer of 25p until March 20, with a 1 per cent discount until that date. Minimum investment is £500. The initial charge is a hefty 5.25 per cent but the annual management fee is only 0.75 per cent.

CCL Financial Group is making its debut in the unit trust market by introducing two funds—Global Trust and UK General Trust. Kleinwort Grieveson has been appointed investment manager for both.

Minimum investment in each is £1,000, and until March 21 they will be priced at 50p a unit with bonuses of between 1 and 2 per cent depending on the size of your purchase.

Baltic Trust Managers has received strong support from unit-holders for the plan to change the former Global Market Situations fund into a Global Income Trust. An unusually high percentage (two-thirds) of unit-holders voted and more than 92 per cent of these favoured the change.

It is argued that the time is ripe for an interantional income trust with stronger defensive qualities, particularly now that the decline in UK corporation tax has virtually eliminated the tax inefficiency on overseas income.

J. E.

Building interest

THERE IS a price to pay for everything. On the fact of it, Gateway Building Society's move, in conjunction with the Bank of Scotland, to provide full banking services for its members has many attractions.

The prime objective of the scheme is to enable you to earn interest on your salary between the time you are paid and the time you take to spend it. Few people dispose of salary immediately. There is normally a large balance just after pay day that gradually shrinks until next month's pay cheque.

Sometimes the balance turns into a deficit for a short time, but the surplus there for most of the month is money which you lend to the bank interest free. It is "dead" money earning nothing unless you have sufficient funds to maintain the minimum balance required for a high interest cheque account.

Under the Gateway Pathfinder scheme launched this week your salary, when paid into the society's gold star account, starts earning interest immediately—from 6 to 8.75 per cent net, depending on the size of the underlying balance held.

You get all the services — a cheque book, a cheque guarantee card, a cash card for use at nearly 1,500 automated teller machines open 24 hours a day, free standing order and direct debit service and even no transaction charges when you are overdrawn. Not a bad deal.

Thrown in as an extra is a built-in overdraft facility, and here lies the rub. To decide the size of the overdraft facility being made available, Gateway helps you to plan your likely annual expenditure. You tot up *all those bills* — gas, electricity, telephone, car service, holidays — which you know have to be paid during the year. The total amount is divided by 10 and you pay this sum back monthly to a separate bank account, which provides the cheque book and other services. So if you estimate your outgoings at £3,000 a year you pay 12 monthly instalments of £300, providing a margin for extra spending.

To calculate your overdraft facility, 25 per cent is added to your figure for annual outgoings — £3,000 plus £750 — meaning that you can borrow up to £3,750.

However, the overdraft is costly. Any debit balance on your account is charged at a hefty rate of interest — 1.75 per cent monthly, equivalent to an annualised percentage rate (APR) of 23.1.

True, you earn a small interest rate of 2.5 per cent if your bank account has a surplus, but the way the scheme is formulated it *seems likely* that there will be a debit most of the time, charged at an above-average interest rate.

Ian Farquharson, manager of retail services at Bank of Scotland, maintains that the interest rate is competitive in real terms since there are arrangement fees, transaction or other charges which boost the cost of borrowing from the major clearing banks.

He says the rate should be compared with credit cards, which charge 2 per cent monthly (26.80 Apr), rather than with secured personal loans, which vary from 2-7 per cent above base rate (11 per cent).

Nevertheless, bearing in mind that regular monthly repayments are ensured by being deducted from the high interest account where your pay cheque is deposited, the interest rate seems rather high.

Bank of Scotland, of course, makes its profits from the scheme on the interest charged on overdrafts. But it is using Gateway, and other building societies, to expand its customer base without the cost involved in financing extra branch outlets.

The bank, and its subsidiary, North Western Securities, already has similar arrangements with several other societies—Alliance & Leicester, National Provincial, Britannia, and is planning a link with the Leeds Permanent.

Building societies claim that there is a definite demand for them to provide banking services and Gateway is confident that employees at many companies will like the idea of being able to have their salary paid into interest-bearing accounts, with immediate access.

IN THE NEWS

Safe as houses

BUILDING societies are now able to provide a very wide range of additional services following the greater powers given by the Building Societies Act. One major development that all major societies claim they will implement is an expansion of their insurance services.

So far, *all that has emerged* is bigger and better versions of those contracts societies offered previously related to house insurance and mortgage cover.

It has been left to societies outside the top 10 to venture into new insurance fields not connected with the house, the natural development being to offer motor insurance.

The Skipton Building Society, which just makes the top 20, this week offered its Drivers Club Plan underwritten by General Accident.

This is designed for safe drivers with a recent claims-free history on their previous insurance. It provides automatic cover for the whole family and the no-claims discount is protected for up to two claims in any two-year period.

Those interested can get details and arrange cover at any Skipton branch.

More for mortgages

THE PRUDENTIAL, Britain's largest life company, has expanded its Home Loan Service in Scotland by linking up with Barclays Bank Scotland and Clydesdale Bank. The Pru will now have access to an additional £20m to complement its existing mortgage finance in Scotland through its original funding source Citibank Savings.

Under the Pru's Home Loan Scheme, the terms and conditions of the mortgage are set by the lending institution. The Pru has also extended its mortgage tie-up with the Midland Bank to the whole of the country, plus the Channel Islands, after a successful limited test operation started in December.

Eric Short

Philip Coggan on new BES ventures

Healthy prospects

BRITISH industry is supposed to be leaner and fitter these days; now it is the turn of the City. It might sound unlikely, but the bowler-hat brigade is the target market of a new Business Expansion Scheme — Barbican Health and Fitness.

The health club will open close to the Barbican, the City's concrete cultural centre, and it will be managed by Bally's Health and Tennis, a successful American health club operator.

Whether the BES was designed as a vehicle for US companies strapped for cash to test the market in the UK, without incurring the required development spending, is open to question. But BHT is entitled to play by the rules as they exist now; it seems likely that the Barbican club will raise the £2.25m it needs.

Barbican launched its issue in a fortnight when the average BES investor could probably have shed a few pounds just by picking up all the prospectuses dropping on the doormat. The end of the financial year grows ever closer, and a host of schemes were launched. Those linked to land — whether built-on or planted-on — were once again predominant.

Country Gardens has tapped BES investors twice before, but there is enough good news of its progress to tempt investors to reach for their chequebooks once again. In the year to December 31 1986 it achieved pre-tax profits of £130,103; up from £38,003 in the previous period.

Country Gardens operates centres in Chilton, Cirencester and Codicote, and has successfully tendered for a site at Mill Hill in North London. The funds raised from the issue will be used to develop Mill Hill now that planning permission has been given, and to expand the centres at Chilton and Cirencester.

Unusually, there is no maximum limit on the sum being raised. The new shares are being offered at £1 each compared with the 50p at the time of the original BES issue and the current net assets of 87p per share.

Country Gardens has no sponsor, but it has a custodian trustee, Alliance Assurance, which holds the money raised and ensures that the funds are spent in line with the provisions of the company's trust deed.

The success of Macarthy & Stone in the sheltered homes market has inspired an increasing number of imitators. The latest is Secure Retirement, which Cayzer is sponsoring in an attempt to raise £5m via the offer of 5m shares at £1 each.

The homes will be managed by Haven, a wholly-owned subsidiary of the USM-listed sheltered housing operator Anglia Secure Homes. The group hopes to build an average of 100 units a year over the next five years.

Alliance Property and Construction is yet another building company specialising in secured contracting, with a strong management team led by John English, formerly the director responsible for property developments at Gerald Ronson's Heron Corporation. Guidehouse Securities is sponsoring the issue.

Burrell Contracts specialises in refurbishing historic and listed buildings in major Scottish cities. It has binding offers for building contracts. Via its sponsor, Oakland Capital Management, it hopes to raise £2.95m by the issue of 2.95m shares at £1 each.

Two hotel issues were launched: Chester International Hotel, which might not begin trading until early 1989 (so it could be a long wait for the BES3 certificates); and Oak Hotels, which has plans for three hotels in Manchester, Greenwich and Knebsworth. The issues have maximums of £4m and £5m respectively.

Meanwhile, Secured Property Developments, launched last autumn, announced that it has started trading. The offer, which passed its minimum subscription level last November, is being extended until March 17.

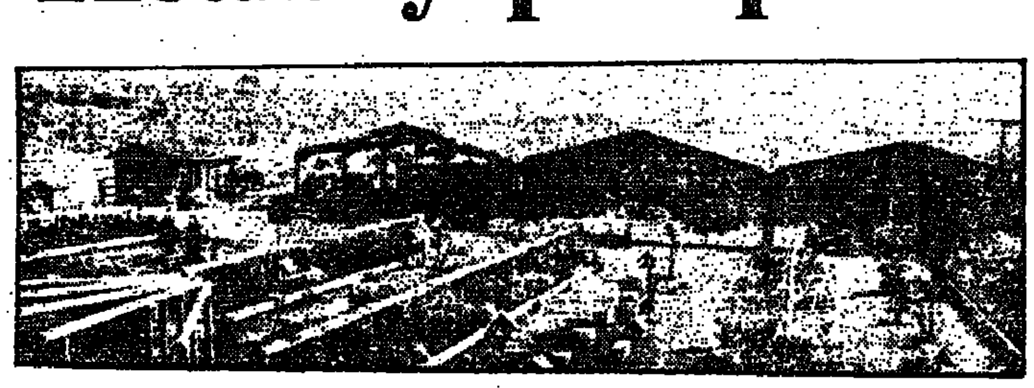
The media industry launched two issues this week. Film Asset Developments is a company set up to carry out pre-filming work for production companies; acquiring rights, preparing a screenplay, considering locations and preparing the costs budget. Contracts worth £768,000 have already been signed with four production companies.

FAD claims to offer trading terms different from those of its competitors. It insists on payment whether or not the film is made, but takes a smaller share of the eventual profits. Its sponsor, Chancery Securities, plans to raise £1m via the issue of 1m shares at £1 each.

Perry Publications is the publisher of the magazine Business Traveller, which made pre-tax profits of £90,000 on turnover of £1.37m in the year ended December 31, 1986. Although around 89 per cent of the magazine's circulation base is fully paid, the bulk of its revenue comes from advertising income. Perry plans to raise a maximum of £550,000 to finance the launch of a US edition of the magazine, which it hopes will break even by 1989.

It is easy to concentrate on individual company issues; such funds are likely to offer a more risk-averse spread of investments. Octagon's spring 1987 BES Fund is attempting to raise £1m to invest in the "information industries

News of the progress of some recent issues includes the seventh Lazard Development Capital Fund, which has closed, having reached its target of £4.5m. And Peter Ling Design and Build, the secured contractor sponsored by Austin Horn, has reached its minimum subscription level after a bit of a struggle. The closing date has been extended to March 16 and the minimum subscription has been cut to £500.



Country Gardens . . . investors could be tempted for a third time

● Boom in City gyms—Page XIV

Making enterprise pay

TAX RELIEF time is here; the time when investors cast around for ways to reduce their tax burden before the end of the financial year. By contrast, bricks and mortar time is always here. Property, usually residential, has traditionally been considered a haven for personal wealth.

This year property people and securities dealers have been trying to pull the two aspects together. They have come up with investment in enterprise zones, 22 of them around the country, where there is a 100 per cent buildings allowance on all but residential property.

Investment now in an enterprise zone commercial property could qualify for tax relief in the financial year soon to finish.

The theory is that, for a 60 per cent taxpayer using this allowance, an investment of £10,000 would actually cost £4,000. In return there would be a steady flow of rental income from the property.

Several such schemes have come on to the market this year. Capital Ventures in Cheltenham launched the Cave Enterprise Retail Trust, inevitably called Cert, and drew in £2m during the first week. The fourth Property Enterprise Trust, Pet, managed by a subsidiary of London and Edinburgh Trust, opened and closed fully subscribed with £5m.

This week Brighouse Taxinvest Developmetns in London offered the chance of direct investment in industrial and development property in three enterprise zones — Middlesbrough, Swansea and Tayside.

They all follow the theory, but with different means and different emphases.

Each trust seeks or has sought minimum investments of £5,000, aiming to pool funds for management. The Brighouse Taxinvest scheme wants subscriptions of at least £50,000. And, just as the trusts have a life of 25 years, so Brighouse Taxinvest anticipates an investment of the same length.

Cert is using the funds it attracts in shopping properties, at Parkgate near Rotherham, Team Valley at Gateshead and at Speke on Merseyside. The aim is to cash in on the growing attraction of big retail centres just outside major towns, an attraction which the Government hopes to curb in favour of inner city developments. Pet placed more emphasis on industrial property.

Brighouse is interested in office and industrial property. Cert and Pet have been investing in developed or semi-developed property while Brighouse wants to raise capital for new projects.

When Pet was open to subscription, it estimated rental income at about 6 per cent of the net amount invested. Cert said an investment "is expected to provide an initial yield which for a typical taxpayer will equate, before management charges, to about 12.5 per cent on the net cost of his investment." For Brighouse Taxinvest, Mr Julian Newsiss said, "Taking into account tax benefits, the yield could be about 18 per cent but that depends on land values."

All the schemes' promoters note that further relief on top of the tax relief on the investment can be obtained. "Interest paid on a loan to acquire shares is deductible from rents for income tax purposes," says Pet.

It is easy to get in. The problem is that it could be tricky and expensive getting out. The problem is the 25-year life of the trust. If the shares are sold to just anybody, the Inland Revenue can start clawing back the tax allowance.

This is done through a "balancing charge." If an allowance has been received on £100,000 invested and the shares are sold for £60,000, the refund to the Government is due on the amount for which the shares were sold.

But if the shares in the trust are passed on to a "connected person," there are no problems. Connected persons include family members, family trusts and personal pension funds.

When an investor dies, the Inland Revenue does not attempt to claw back the tax allowances. This makes making the investment, as one sponsor delicately put it, suitable for the older taxpayer, but there could be an inheritance tax liability unless this is covered by an insurance policy.

With the Brighouse Taxinvest scheme, the position on the tax allowance clawback remains the same, but what is being sold is not a share but a whole property.

Such investment involves assessing the likely stream of income leavened by the availability of the tax allowance. Until the 25 years it up, it is something for the bottom drawer.

Paul Cheeseright

Fidelity by a neck

A NEW leader has emerged in the Great Investment Race. The majority of the teams of fund managers competing in the Race have made the most of the recent surge in stock markets worldwide by investing actively in the past month or so.

Almost all the teams have showed substantial gains in the past four weeks. Yet Fidelity has fared best of all, steering its portfolio above £100,000 and supplanting Prudential Portfolio Managers as the leader of the Race.

The six teams of fund managers began the Race late in September armed with portfolios worth £35,000. The Race will run for a year, with the teams competing to see which can make most money for charity by managing the portfolios. The Race is sponsored by Prudential Unit Trust Managers and organised by Charity Projects.

Even the laggard, Hoare Govett, succeeded in boosting the value of its portfolio in the past month. Hoare Govett floundered in the first few weeks and hasn't so far recaptured lost momentum. Its portfolio is now worth £38,555 and is composed chiefly of cash, together with holdings in Premier Consolidated Oilfields and Boots.

Messel, by contrast, has fallen behind in the past few weeks, chiefly because it was unduly pessimistic about the prospects for international equities. "We thought the markets, especially the London market, were overbought," says David Hunter, managing director. "We were wrong. But now we are determined to catch up again."

The Messel portfolio, which slipped to £41,574 during the month, concentrates on opportunistic stocks. Messel has recently added shares in American Bionetics, a US company involved with blood testing which has become one of the rather macabre beneficiaries of the spread of AIDS.

Bell Lawrie, which had been dawdling behind the rest of the teams, has mustered something of a revival. Originally, Bell Lawrie proposed to play safe by sticking with the same portfolio throughout the Race. Although its investment philosophy—aiming for slow, but steady growth—remains intact, it has begun to indulge in more active trading.

After a month in which it sold holdings in Ultramar, Boots, Wellcome and Scott and Robertson, Bell Lawrie has emerged with a portfolio worth £46,019. It has also acquired stakes in Barratt Development — "hoping for a favourable Budget" — Cadbury Schweppes, Commercial Union and New Throgmorton Capital. "We have been a little more adventurous," says Derek McIntosh, managing director. "But we continue to run it as a growth portfolio, without taking any undue risks."

Throughout the Race, Nomura has clung resolutely to the territory it knows best — the Tokyo stock market. Like all the front running teams it has adopted an active investment policy.

Nomura has maintained its active approach in the past month or so, although the pace of growth has been rather more modest than in the opening months of the Race. It has managed to cling on to third place, however, with a £65,944 portfolio.

The Prudential had led the field from the start, having built up its portfolio through a series of speedy deals in the first few weeks. But last week Fidelity, which has been creeping up behind since the start of the year, finally overtook it. Like many London investors, the Prudential had expected the London market to begin 1987 in a lacklustre fashion and has been surprised by the strength of overseas interest.

In the past few weeks the Pru has favoured a less frenetic investment policy and has maintained a fairly stable portfolio. Nonetheless, after a series of day trades in the equity futures market and dabbling in ICI and the Hepworth Ceramic bid for Birmid Qualcast, it has increased the value of its portfolio to £96,742.

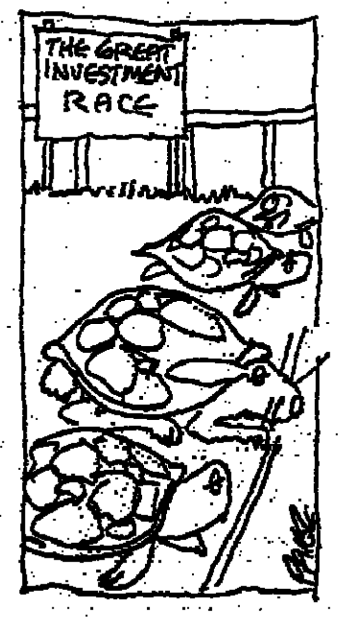
The Pru has also added Wordplex Information Systems —"a recovery stock with a new management team, very cheap at the moment," as fund manager Ted Williams puts it—to the established portfolio of Attwoods, Beazer and Walter Runciman.

Fidelity has not only steamed ahead of the Prudential in the past week but has also become the first team to break through the £100,000 barrier by building up its portfolio to £102,807.

Like the Pru, Fidelity favours an opportunistic approach. But unlike the Pru, it is rather more eclectic in its choice of markets and spreads its investments all over the world. The Far East has emerged as its most fertile market. It has traded in Japanese equities and recently snapped up a Malaysian new issue.

Alice Rawsthorn

The Great Investment Race



GREAT INVESTMENT RACE

	Team	Current portfolio	% change in past month
1	Fidelity	£102,807	+35
2	Prudential	£96,742	+ 3
3	Nomura	£65,944	+22
4	Bell Lawrie	£46,019	+22
5	Messel	£41,574	−11
6	Hoare Govett	£38,555	+10

Source: The WM Company

Car rates up

GRIM NEWS this week for motorists from Warburg Securities—the securities division of the giant financial conglomerate, Mercury International Group.

In its comprehensive annual survey of the UK insurance industry, Warburg Securities is predicting there will be little let-up in 1987 from last year's massive increases in motor insurance premium rates.

At the beginning of 1986, motor rate increases on a 12 month moving average were 15.3 per cent. By the end of the year, this had risen to 23 per cent at a time when inflation was running at around 3 per cent.

The survey lists the rate increases made by most of the companies in the motor insurance business. Some companies—including Eagle Star, General Accident and Royal Insurance—increased their rates three times in 1986, while Provincial Insurance made four increases.

The graph shows how motorists on average have seen the costs of insuring their cars rise over the past few years.

Yet Warburg Securities still expects insurance companies to record heavy losses on their motor account despite the increases and the investment income earned on the premiums and reserves.

So it is predicting another series of hefty increases in 1987.

The survey analyses in depth the reasons why rates increases should be several times the inflation rate—the main one being the dramatic rise in the number of claims. Warburg Securities feels that the number of claims was 6 per cent higher in 1986 for a variety of reasons. Cheaper petrol resulting in greater use of cars and deteriorating driving standards were two major factors. In its model it has built in a further 4 per cent rise in claim numbers for this year.

The insurance companies in 1985 paid out an average £532 for each claim on a comprehensive and £394 on a non-comprehensive policy. Costs in 1986 are certain to be much higher. So what does the motorist do to contain the ever rising cost of insuring his car?

One answer is to shop around, preferably using the services of an established registered insurance broker specialising in motor business. Insurance companies over the past few years have been offering special rates to low risk groups—the elderly, the young family man, and young women. The differences in premium rates between insurers is significant.

The survey has better news for householders, who in Warburg Securities' predictions, can look forward to a period of stable house insurance rates.

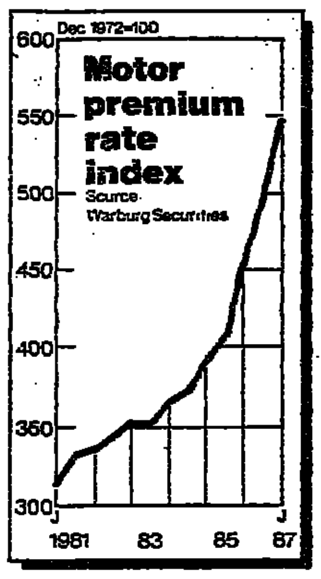
The blizzards that swept the country last month—the survey estimates—will cost the insurance companies some £350m—the largest ever payout for severe weather claims. But house building premiums are not expected to rise as a consequence.

Over the past two years, householders have seen premium rates rise by 20 per cent, one reason being a reassessment by underwriters of the effects of a British winter.

Now underwriters are expecting blizzards, windstorms, floods and sundry perils to be the norm for our winter weather. Their previous assessments presumed that these events were exceptional. The new premium rates should accommodate the costs of last month's blizzards, according to the survey, so no increase will be necessary.

Similarly, householders can expect the massive rises in the cost of insuring their contents to ease off—a welcome relief for big city dwellers.

Eric Short



Dearer dealing

KLEINWORT Grieveson, the London stockbroker with one of the biggest lists of private clients, announced this week that it is increasing the minimum charge for its "no frills" Sharecall dealing service from £12 to £18.

The basic charge of 1 per cent (among the cheapest available) and the maximum of £100 remains unchanged. But the increase in the minimum will put up the cost of any dealings with a value below £1,800.

Peter Saunders of Kleinworts says that the Sharecall service has proved very popular but also rather more expensive to run than expected, with many clients needing to be "educated" on how to use the service properly. Not, for example, expecting share certificates to be posted overnight.

He is confident that other stockbrokers with similar "no frills" dealing services, which are used simply for dealing and provide no advice, will be forced to follow suit eventually.

So far there are no signs of them doing so. Hoare Govett, which pioneered the idea with its Dealercard service, said it had no plans to increase charges. The service had proved extremely popular, attracting many more clients than originally expected.

Alan Izzard, director of Dealercard, said its minimum charge remained £12.50. Its base rates are 1.25 per cent for deals up to £7,000 falling to 0.45 per cent from £7,000 to £25,000 and lower amounts above that, but the average deal was between £1,600 to £1,700.

Quilter Goodison also confirmed that its charges for Quiltertrade were not being changed "at the moment" although it had looked at the situation. Its minimum is £12.50.

Share Service, offered by Phillips & Drew, has kept its charges at the pre-Big Bang level at a seemingly uncompetitive rate of 1.65 per cent. However, Peter Harrison points out that its dealing-only service is linked with its High Interest Bank Account. You can deal up to the value of funds held in the account, but money is not withdrawn until settlement day when it is simply deducted from the account. This means you earn interest on your money and also have a cheque book facility.

John Edwards

Beat redundancy

INSURANCE cover against redundancy is being offered by a new policy introduced by National Westminster and underwritten by Excess Insurance.

Called the Redundancy Protector, the policy will pay monthly benefits of up to £500 tax free for a maximum of 12 months if you are made redundant. To qualify for the policy you must be aged between 18 and 55, and be in active employment, including 12 months with your present employer. The benefit will not exceed 50 per cent of your existing gross monthly income; premiums are £3.50 per £100 monthly.

Advice galore

IF YOU want to know what tax plans you should make before the Budget, and the end of the financial year on April 5, a plethora of advice is available from the leading firms of accountants.

Arthur Andersen, KMPG (Peat Marwick McLintock) and Deloitte Haskins and Sells have all produced timely guides to year-end tax planning for the individual.

Deloitte this week announced that it is going into the publishing business, producing a series of books for personal investors and companies.

The books, covering a wide range of subjects, are in the main brief and to the point but they are quite expensive—£3.95 for the booklet on reducing your personal tax bill. Similar guides covering much the same territory are available free from other companies.

Deloitte's book on inheritance tax costs £4.95, comparable with a similar publication from Peat Marwick on the same subject which is also out this week.

Also just published (by Touche Ross) is a Guide to Tax Efficient Investments, priced at £5.

Accountants claim you can save money by using such guides. But, in most cases, they are difficult or almost impossible for the layman to comprehend.

Much better value for money (at £5.95) is the second edition of *Fair Shares* by Simon Rose, providing a layman's guide to buying and selling stocks.

This is one case where the revised second edition is worthwhile since the book has been completely updated to take account of events on the stock market since the Big Bang last October brought so many changes. Also included is a scathing assessment of Personal Equity Plans. The author concludes they are a wonderful tax shelter . . . for the wealthy.

John Edwards

With the Budget approaching, Malcolm Gammie assesses the options open to the Chancellor

Lawson's last fling

Chancellor Nigel Lawson . . . he could be aiming for something unexpected

WITH the Budget 17 days away, the Chancellor is no doubt assessing which of the many rabbits at his disposal will look best once out of the hat. The money at his disposal has been calculated and recalculated and spent many times over by the various commentators. With this Budget statement certain to be his last substantive one, one suspects that Nigel Lawson will be aiming for something short but unexpected and spectacular.

One virtual certainty is that the Chancellor will adjust the major personal allowances for inflation over the year to December 1986. On that basis the single person's allowance would rise from £2,335 to £2,425 and the married man's allowance from £3,655 to £3,795.

An increase in those allowances over and above the inflation adjustment is, however, an expensive exercise and does rather less to relieve the poverty trap than is popularly imagined. The smart money is, accordingly, on a further reduction in the basic rate of income tax, which currently stands at 29 per cent.

If the basic rate were to be reduced to, say, 27 per cent, the gap between that and the first of the higher rates—currently 40 per cent—would be 13 percentage points. It might then be reasonable to expect some rearrangement of the higher rates. The introduction of a new rate of tax between the basic rate and the 40 per cent rate would seem an unnecessary administrative complication. A 5 per cent reduction in higher rates would, on the other hand, solve this particular problem and leave a top rate of 55 per cent.

The thresholds for the basic and higher rates of tax are also normally adjusted for inflation. The band of income subject to the basic rate should increase £700 to £17,900. Last year the Chancellor decided against a full adjustment in the thresholds for the higher rates above 40 per cent so that the benefit of the basic rate reduction was progressively withdrawn from higher rate taxpayers. This year a full adjustment for 1986 inflation may perhaps be made, but without making good the lost ground of last year's Budget.

Clearly, however, such major tax reductions for the small number of individuals who pay tax at the higher rates may not be regarded as politically desirable in what is likely to be an election year. A straight forward measure to offset those benefits would be the abolition of higher rate tax relief for mortgage interest.

The effect of such a step would be to turn some basic rate taxpayers into higher rate taxpayers. But some adjustment to the basic rate threshold would alleviate this problem.

At the same time the abolition of mortgage interest relief at higher tax rates has much to commend itself. It pays in part for the other adjustments to the higher rates and thresholds. Administratively, it leaves all mortgage interest to be dealt through the MIRAS system; no further adjustments are required. Politically, it would allow Mr Lawson to continue along the path he chose in 1984 and to reassert his claim to wear the mantle of a reforming chancellor.

The possibility of a May or June election is unlikely to lead the Chancellor to moderate the number of measures brought forward in his Budget. One consideration that he is likely to have in mind, however, is the need, should an early election materialise, to drop some measures and to secure an easy passage for those that remain, with the Opposition's co-operation as in 1983. Proposals for tax relief for profit related pay, for a new form of pension arrangements and to implement the first stage of administrative reforms for the payment and enforcement of direct tax liabilities are likely to be announced. While the Chancellor may indicate his latest thinking on transferable allowances following last year's Green Paper, it seems unlikely that he will plan to introduce any legislation this year. Implementation of any measures would in any event be some time in the future.

The corporate and business tax systems, after the upheaval of the last few years, seem likely to escape with only technical changes.

Capital Gains Tax, however, perhaps presents a greater challenge to the Chancellor. The CGT rate at 30 per cent begins to look out of line with a basic rate of, say, 27 per cent. A reduction from 30 to perhaps 25 per cent is straightforward. On the other hand, outright abolition would be consistent with his apparent desire to remove a tax a year from the statute book. This would, however, leave a greater gap in the tax system (and in the Chancellor's coffers) than the abolition last year of tax on lifetime gifts between individuals, when Capital Transfer Tax became Inheritance Tax.

Alternatives short of outright abolition might be to exempt specific assets — shares, for example — or all assets held for a specific period of time. The CGT system now gives relief for inflation, but only that after March 1982. The removal of the charge on pre-1982 gains or pre-1982 inflationary gains are further options, but expensive ones which could reduce the yield of the tax to a point at which its continued existence would be in question.

These options and more radical reforms—for example, charging capital gains as income—may not look to be the material for a Finance Bill which may be affected by an election. On the other hand, the Chancellor cannot be satisfied with a tax that is riddled with so many complexities and yet raises relatively little revenue.

Finally, in terms of presentation, perhaps the most radical step the Chancellor could take would be to dispense with the old Budget box for something new in which to take his speech to the Commons. A reforming chancellor should not be stuck with the baggage of yesterday.

BRIDGE

THIS HAND comes from a team match:

N
♠ 7 3
♡ 8 4 2
◇ 9 5
♣ K J 7 5 3 2

W	E
♠ J 10 9 8 4	♠ 6 5 2
♡ 9 7 5 3	♡ Q J 10 6
◇ A 7 6 4	◇ K 3
♣ —	♣ A 10 9 8

S
♠ A K Q
♡ A K
◇ Q J 10 8 2
♣ Q 6 4

South dealt with both sides vulnerable and opened with two no trumps, and North raised to three.

West led the knave of spades, and South won with the ace. This is a foolish false card—it tells East that there is no future in spades. At trick two, the declarer led the four of clubs to dummy's knave, West showing out. East won at once, and switched to the queen of hearts.

Winning with his ace, South led the two of diamonds, which ran to nine and king. East played the knave of hearts and his partner completed a peter in the suit. The writing was on the wall and the contract failed by one trick.

In the other room, South also reached three no trumps and received the same opening lead. Winning with the queen—at least he presented East with a guess—he decided to échelon his plays in the minor suits.

If clubs broke 4-0 both suits would be needed, and it was essential to play first on clubs.

"The other declarer did that," you say. Yes, but he ruined everything by starting with the four. The correct card to play is the queen of clubs. This presents East with a Morton's Fork dilemma. If he ducks, the declarer switches at once to a diamond and has enough time to set up three club tricks, which are enough for contract.

If East wins and attacks hearts, the declarer plays another club and plays low from the table. Now he makes four clubs and five major suit honours to fulfil his contract.

This was an entry for the Bols Brilliancy Prize:

N
♠ 10 9 6
♡ 7
◇ A Q J 5 3
♣ A 10 8 5

W	E
♠ K Q J 5 2	♠ 8 7
♡ Q J 6	♡ 9 8 5 4 2
◇ 7 6 4	◇ K 10 8 2
♣ 4 2	♣ K 6

S
♠ A 4 3
♡ A K 10 3
◇ 9
♣ Q J 9 7 3

North dealt at game-all and bid one diamond, South replied with two clubs, and North raised to three clubs.

South now said three hearts, a responder's reverse which is forcing, and North gave simple preference with four clubs. South tried again with four spades. North, in spite of his minimum, showed his singleton by bidding five hearts and South went on to six clubs.

When West led the king of spades, South saw there was plenty of work to be done. He decided to play East for the king of diamonds so, after cashing ace and king of hearts, on which he threw a spade from dummy, he crossed to the ace of diamonds and returned the queen. When East covered, South ruffed in hand, then ruffed the three of hearts on the table. This brought down West's queen.

Placing East with the king of clubs, South cashed dummy's ace, discarded a spade on the knave of diamonds and ruffed a diamond, West showing out. The ten of hearts came next. West ruffed, dummy overruffed, and the established five of diamonds was led. On this, South threw his last spade. East could ruff or discard—it made no difference.

Fine card reading, and excellent technique.

E. P. C. Cotter

Put some PEP into speculation

MANY PEOPLE in the current tax year have probably dealt in shares of their own choosing and made profits of 20 per cent or more, and also remained within the current year's £6,300 tax free capital gains limit.

Why, *then, should you invest* in a Personal Equity Plan (PEP) where the management charges are more than you would pay a stockbroker to buy the same shares, and when most PEP managers severely restrict the companies in which they can invest? The only advantage will be not paying tax on the dividends of the companies in the PEP so long as those dividends are re-invested.

However, with a maximum investment of £2,400 per plan, the dividend tax saving could well be wiped out by the manager's charges for running the plan. Tax free gains and interest can also more easily be obtained from National Savings certificates and similar investments

It seems to me that PEP schemes are most useful to people like myself who regularly exceed the capital gains tax exemption limit and who want to make a speculative investment where the gains might be substantial, but still tax free.

Unlike Business Expansion Schemes, where an investment has to be "locked away" for *five* years to be most tax efficient, PEP investments need be maintained only for one calendar year.

Unlike the capital gains tax exemption, where husband and wife are deemed to be "one person" and can claim only £6,300 tax free gains between them, the PEP legislation allows separate schemes for a husband and a wife. This meant that I could invest the maximum £2,400 in a PEP and my wife could invest £2,400 in a separate PEP.

Thus, what we were looking

Investors' Tales

for were PEPs that had low administrative costs and allowed us to invest in speculative shares of our own choosing. This proved rather difficult as most of the PEPs advertised either gave the scheme managers authority to invest in what they thought most suitable or provided a list of 30 or so companies from which two could be selected for an investment.

For example, the Prudential's Equity Plan brochure explained: "Your Prudential Plan Manager will choose your investment from leading companies quoted on the Stock Exchange and units from the Prudential's top performing Holborn Unit Trusts."

The Prudential's new logo looks like a woman in pain with a *bloodstained bandage tied around her head*. But, despite that, I felt their Equity Plan was *unlikely to be very* "*risky*" and would not provide the large gains we sought.

Lloyds Bank advertised a "Choice Scheme"—but that "choice" was restricted to a list of 30 shares featuring such companies as Lloyds Bank and Prudential, and we did not feel that those companies would significantly outperform the market.

What we were looking for was a PEP that would allow us to buy shares which would perform in 1987 in the same way as, say, NMC Investments did in 1986 (up 620 per cent!). Lloyds Bank shares seemed unlikely to do that.

I sent a self-addressed stamped A4 envelope to the Inland Revenue at the Public Inquiry Room, West Wing, Somerset House, Strand, London WC2R 1LB and requested a copy of its list of authorised PEP managers.

The list gave the names of more than 120 managers and their addresses

I went into my local branch of NatWest and obtained their PEP booklet and was delighted to find that their "Shareplan" PEP allowed investors to choose their own shares, although a minimum of £1,200 had to be invested in each share.

NatWest had an approved list of blue chip companies in which one could invest under this scheme, and to invest in companies not on that list cost an extra £10 per company. There was also an "initial charge" of £25 on setting up the plan. Thus, investing in two companies incurred charges of £51.75 (including VAT). NatWest also makes an "annual charge" of £10 per PEP, but does provide six monthly statements and forward company reports.

My NatWest PEP comprised shares in Joseph Webb and Usher-Walker as I felt that the real asset value of those companies was not reflected in their share price.

My wife's PEP comprised shares in Brunning Group (a "recovery" situation) and Shiloh (a small company involved in textile spinning and protective clothing manufacturing).

It remains to be seen whether or not they will outperform shares in larger companies — but at least we have an interesting investment rather than a safe and boring one.

Kevin Goldstein-Jackson

Saintly savings schemes

"MORE PEP than Peps" is the somewhat opportunistic slogan being used by the Scottish American Investment Company (known as Saints) in an advertising campaign to promote itself in particular and the claim that investment trust savings schemes generally are now the best value for money *on the market.*

In its annual report, Saints elaborates the point with a table comparing its savings *scheme with other forms of* alternative *investment,* including Personal Equity Plans.

The results listed in the table are based on the assumption of identical investment performance by all concerned and that the money will be invested for 10 years.

What it does underline, however, is that the initial costs of *going into investment trusts are* very low, partly because they are in effect subsidised by the trusts. All you pay is the Stock Exchange *commission* involved in buying the trust shares at a flat rate of 0.2 per cent.

	Saints savings scheme	PEP scheme	Life assurance 10-year MIP	Unit trust savings scheme
Annual invested cash, for 10 years	£1,000	£1,900	£1,000	£1,000
Initial expenses per year	£9	£50	£250*	£50
Amount available for investment	£991	£950	£750	£950
Annual charge	0.4%	1.0%	2.5%	1.0%
Value, end year one	£1,040	£1,002	£787	£996
Value, end year 10	£16,232	£15,965	£14,390	£15,225
Profit on investment	£6,232	£5,965	£4,390	£5,225

This table assumes the following: Income reinvested after basic rate of income tax where applicable; 7 per cent annual capital growth; 4 per cent yield. *Profit on investment of PEP and MIP are free of capital gains tax, but it should be* noted that the current annual exemption is £6,300.

The initial expense of £50 for PEP scheme (on a £1,000 investment) is at the top of the range; many plan managers are charging a lot less than 5 per cent.

However, *most* investment trusts can be bought at a discount to the underlying assets so for £1,000 you might obtain underlying assets worth £1,200 working for you.

Also ignored with the Life Assurance 10-year Maximum Investment Plan (MIP) is that the investment includes free life cover.

The biggest advantage of the PEP scheme is that profits are free of capital gains tax. But this also becomes significant if you have already used up the capital gains tax annual exemption (currently £6,300 a year) suggesting that the rich investors, liable to capital gains tax, has a lot more to gain from PEPs than the small investor not using the capital gains tax exemption available.

John Edwards

CHESS

ONLY A few months after Gary Kasparov successfully defended his world chess title, elimination contests are under way to decide his next two challengers. Linares, in Spain, will be the stage for the Karpov versus Sokolov final in late March to settle Kasparov's 1987-88 opponent. The Praxis Systems zonal in Bath this week qualified two British players for a 1987 interzonal.

Praxis, new sponsors for chess, are Bath-based specialists in software development and consultancy. Like a growing number of computer firms, they see a parallel between chess and software: logical techniques continually refined by analysis of past experience.

Britain already has a strong interzonal presence. Short, Nunn and Miles were exempted due to high placings on the FIDE rating list. Favourites to join them were Speelman, the British champion, and Chandler, the world number 14, but in the event the pair were in contrasting form. Speelman led throughout, and was sure of first prize well before the end. Chandler never recovered from two early defeats.

White: M. Chandler.

Black: J. S. Speelman.

Modern Defence (Praxis zonal, Bath 1987).

1 P-K4, P-KN3; 2 N-Q4, P-Q3; 3 N-KB3, B-N2; 4 B-Q3

In exact play, The bishop is well placed at Q3 when White has advanced an early P-KB4, but K2 is the better square when White has already developed his knight.

4 . . . N-QB3; 5 P-Q5, N-N5; 6 B-QB4, N-KB3; 7 0-0, 0-0. Here 7 . . . NxKP? fails to 8 P-B3, N-R3; 9 BxN, PxB; 10 Q-R4 ch.

8 N-B3, B-N5; 9 B-K2, P-K4; 10 B-KN5, P-KR3; 11 B-K3, P-QR4! A space-gaining push to weaken White's queen's side pawns.

12 P-KR3, B-Q2; 13 N-Q2, P-R5; 14 P-R3, N-R3; 15 P-QN4, PxP ep; 16 NxP, P-B3; 17 PxP, BxBP; 18 B-B3, Q-B2; 19 Q-Q2, K-R2; 20 P-QR4, KR-Q1; 21 N-N5.

An ineffective bid for active play, but otherwise Black soon frees his game by N-B4 or P-Q4.

21 . . . Q-K2; 22 B-N6, R-Q2; 23 N-B3, N-B2; 24 KR-K1, P-Q4!

A thematic and far-sighted move. White's reply sequence seems to win the exchange, but Speelman had already prepared his tactic at move 31.

25 N-B5, R-Q3; 26 BxN, QxB; 27 PxP, BxQP; 28 N-N5, QxN; 29 NxR, QxN; 30 P-B4, P-K5; 31 B-K2, P-K6!

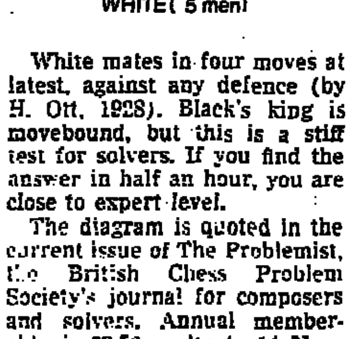
Decisive. If 32 PxP, Q-N6; 33 PxB, N-K5; 34 Q-Q3, N-B7; 35 Q-B2, NxP ch; 36 K-R1, B-K4 or here 34 Q-B2, Q-B7 ch; 35 K-R1, N-N6 ch; 36 K-R2, B-K4; 37 B-B3, N-K7 ch; 38 K-R1, Q-N6 mates. White avoids this finish in the game as played, but Black is ahead on both material and position.

32 QxP, B-B3; 33 B-B3, R-K1; 34 P-B5, Q-B2; 35 Q-R3, N-K5; 36 QR-N1, B-Q5; 37 BxN, RxB; 38 RxR, BxR; 39 R-K1, BxBP; 40 Q-B1, B-Q4; 41 K-R1, Q-B3 and White resigned.

Kasparov v. Short. Channel 4 screens the second game of the London Docklands speed chess match tonight at 6.30 with Kasparov leading 1—0. But this week Short won his first three games in the IBM invitation at Reykjavik, where he again defeated former world title challenger Viktor Korchnoi.

PROBLEM No. 661

BLACK (9 men)



WHITE (5 men)

White mates in four moves at latest, against any defence (by H. Ott, 1928). Black's king is movebound, but this is a stiff test for solvers. If you find the answer in half an hour, you are close to expert level.

The diagram is quoted in the current issue of The Problemist, the British Chess Problem Society's journal for composers and solvers. Annual membership is £8.50; write to 14 Newton Park Drive, Leeds 7 for a specimen issue.

Solutions Page XVII

Leonard Barden

Fee costs disputed

A decorator made a poor job of decorating my house. When I complained he denied liability as did the paint manufacturer.
I engaged the services of an expert in the field who arranged to meet the decorator on site. At this meeting the decorator agreed that the job had not been carried out in a satisfactory manner and agreed to repaint the rear elevation of the house free of charge under the supervision of the expert who attended the house on several occasions and who later presented an invoice for £109.25 including VAT.
This I sent to the decorator who in turn consulted a solicitor who advised his client not to pay — "It is quite true that an expert's fee for preparation of a report may be recovered as costs but only if the fee is incurred after legal proceedings have actually been commenced."
I think that after the decorator had denied liability I had commenced legal proceedings by employing an expert witness.

We think that your claim to have suffered foreseeable consequential loss in the form of the expert's advice is sustainable. The remedy is to make a claim in the County Court (as a small claim) for the amount of the expert's fee.

Inheritance after death

I am an Englishman, long resident in Ireland. My wife's elderly cousin died on January 16 in England leaving a will in which my wife is named as a substantial beneficiary amongst others.

My wife died in Ireland on January 21. What please is her position under English law?

Under English law your wife would have inherited as provided in her cousin's will if that will did not contain a provision requiring her to survive the testatrix by a stated number of days exceeding five. The legacy there falls to be paid to your wife's estate.

Cottage in France

My wife and I are buying a small cottage in France for our own use. Is there anything I have to declare to the Inland Revenue? We will ultimately leave the property to our children — are there any problems about this? Would it be better to make over the cottage to them in our lifetime? Any advice on any other aspects of this transaction would be welcome.

You do not have to declare the transfer of funds to France. If your children are domiciled in the United Kingdom it would be wise to consider making a gift to them of all or at least a substantial part of your interest in the cottage, and declaring that gift.

Interest on a deposit

At the time that contracts are exchanged when conveyancing property, it is customary for a deposit of 10 per cent of the purchase price to be lodged by the purchaser with the vendor's solicitors.

High property values and interest rates mean that such a deposit can attract interest of a sizeable sum in the usual month, or so, until completion.
To whom does this accrue? The purchaser, the vendor or *the solicitors, as stakeholder?* If to the solicitors, on what grounds?

The interest on a deposit paid under a contract for the sale of land normally accrues to the stakeholder. It is possible however for different provision to be made in the contract and it is becoming less uncommon for this to be done where the deposit itself is substantial. A simple alternative is for the vendor to adjust the terms of his retainer of his solicitor so as to take account of the interest which will be earned on the deposit.

Rate-free period

I bought a flat (residential, no business use) in March 1986 but did not occupy it until November 1986. The council agrees.
Originally it said the law allows a six-month rate free period so I expected no rates until October.
The council now says the rate-free period dates from the departure of the previous occupier, who left some time before I completed the purchase on March 31.
Is there a statute which lays all this down?

The rate-free period should run from the date when the premises became vacant, ie, when the previous occupier left or when he removed all his furniture (if later). Provision is made for this by statute, see General Rate Act 1967, Section 17 and First Schedule. The standard rate-free period is three months.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Typewriter damaged

I recently travelled to Western Europe and had cause to take my electric typewriter with me. When I got back I discovered that it had been damaged on the final stage of the journey (in spite of the care I had— as always — taken). The loss adjusters have repudiated the claim (for £138) on the grounds that I did not notify the carrier within three days, as the small print required. But this was because it was unknowable by me whether the damage was caused by the foreign airport's baggage handlers, the foreign airline, or the British airport's baggage handlers.
The initial claim was made within the time limit.
The typewriter repair company has itemised the damage, and said the machine had been *dropped from a considerable height.*
The loss adjusters at first repudiated the claim on the grounds that the typewriter was "fragile": it was only *when I pointed out* that so were cameras and many other articles for which they accepted premiums, that they dropped this argument.
The essence of my case is that as *I did not know who was* responsible for the damage, I did not know who it was that I should notify.
I know that some "exclusion clauses" are not legally tenable: is this one of them?

As there may be a technical failure to comply with the provisions requiring notification to the carriers, we suggest that you take the matter up with the Insurance Ombudsman at 31 Southampton Row, London WC1B 5HJ.

Travel at a loss

My wife's contractual place of employment has been moved by her employers, a County Council. This move was *force majeure as the old work*place has been closed and she benefited not a jot by the move. Previously her distance to work was nil, as she worked next door to home, and now she has to travel 50 miles a week. To compensate for this additional expense her employers pay her a travel allowance. The council's treasurer's department tells me that the Inland Revenue's decision is that the amount is taxable — to the council's surprise. The allowance is not as great as the expense: it is not income earned: it is simply to mitigate a loss.
Would you agree the allowance is taxable?

The allowance is taxable under the general rules of Schedule E, *as laid down by Parliament*. We are a little surprised that the treasurer's department staff were surprised to find that there is no statutory exemption from tax for an allowance of this type.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Cols. (1)–(6): as at close of business on Monday 23rd February 1987. Cols. (7)–(11): as at 30th January 1987 (Cols. (7)–(10): Geographical Spread).

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.1.87 (12) base=100
	CAPITAL & INCOME GROWTH										
593	Alliance Trust	Independently managed	986	3.2	1168	36	50	9	5	93	316
163	Bankers	Touche, Remnant	156	2.8	184	42	30	13	15	106	370
429	British Investment	Independently managed	528	4.2	679	52	23	23	2	90	299
105	Brunner	Kleinwort Grieveson	119	2.9	148	50	30	3	17	104	304
710	Edinburgh Investment (w)	Dunedin Fund Managers	174	3.0	220	54	19	8	19	101	323
924	Foreign and Colonial	Foreign & Colonial	122	1.9	148	33	26	17	24	104	356
1130	Globe	Electra House Group	148	3.5	163	68	20	9	3	100	312
464	Govett Strategic	John Govett	309	1.7	381	48	8	8	36	115	345
13	Jos Holdings	Kleinwort Grieveson	158	3.0	181	85	6	1	8	98	317
61	Keystone	Mercury Warburg Inv. Man.	355	2.2	401	57	30	–	13	103	†
124	Kleinwort Charter	Kleinwort Grieveson	119	3.1	151	71	17	6	6	97	305
40	London & Strathclyde	Gartmore	224	1.8	259	67	31	1	1	102	301
66	Meldrum	Gartmore	141	3.0	163	94	6	–	–	99	345
116	River and Mercantile	River & Merc. Inv. Man.	214	4.7	237	60	34	2	4	95	311
63	River Plate & General (w) △	Tarbutt & Co.	317	3.9	370	78	11	–	11	95	276
55	S. & P. Ret. of Assets (w) △	Save & Prosper Group	163	2.9	228	84	16	–	–	134	†
627	Scottish Mortgage	Baillie, Gifford	621	2.0	769	44	20	15	21	113	365
310	Scottish National	Gartmore (Scotland)	364	2.1	426	54	27	12	7	98	302
198	Second Alliance	Independently managed	828	3.3	1024	38	49	9	4	95	323
669	TR Industrial & General	Touche, Remnant	121	2.4	151	51	24	16	9	98	293
624	Witan (w)	Henderson	129	2.0	158	58	20	11	11	105	352
	United Kingdom										
16	City of Oxford	Hambros Bank	69	3.5	79	99	1	–	–	96	209
55	Fleming Claverhouse	Robert Fleming	221	3.6	275	100	–	–	–	101	337
70	Shires (w)	Stanecastle Assets	215	9.0	238	81□	11	–	8	71	213
173	TR City of London	Touche, Remnant	71	4.4	85	89	11	–	–	99	344
140	Temple Bar	Guinness Mahon Inv. Man.	195	4.5	243	99	1	–	–	98	364
	CAPITAL GROWTH										
	General										
325	Anglo-American Securities	Morgan Grenfell	460	2.1	564	39	27	25	9	101	†
194	Atlantic Assets	Ivory & Sime	121	0.7	157	22	77	–	1	98	215
114	Electric & General	Henderson	471	1.4	588	56	24	9	11	103	370
40	Greenfriar (w)	Henderson	434	0.6	423	58	12	4	26	106	415
16	Unitycorp Trust (w)	APA Ifico Inv. Man.	104	3.6	120ø	87□	13	–	–	68	†
	International										
103	Berry	GT Management	282	0.5	326	51	19	7	23	101	330
113	English & Scottish	Gartmore	120	1.6*	137	33	20	10	32	100	318
51	F & C Eurotrust	Foreign & Colonial	304	0.9	284	25	–	–	75	132	484
301	Fleming Overseas	Robert Fleming	178	1.6	226	6	45	16	33	94	325
137	Fleming Universal	Robert Fleming	167	1.3	208	11	41	14	34	95	299
22	Gartmore European (w)	Gartmore	393	0.7	414	21	8	–	71	101	301
67	Gartmore Inform. & Fin. (w)	Gartmore	56	2.8	70	67	32	–	1	108	208
9	German Securities (w)	Liechtenstein (UK)	114	0.9	118	–	–	–	100□	30	†
176	Hambros (w)	Hambros Bank	221	2.9	267	57	31	6	6	106	267
154	Kleinwort Overseas	Kleinwort Grieveson	159	2.2	190	9	46	13	32	99	315
13	Mid Wynd International	Baillie, Gifford	230	1.6	260	22	30	14	34	99	379
256	Monks	Baillie, Gifford	240	1.5	297	37	22	13	28	105	312
133	Murray Smaller Markets	Murray Johnstone	387	1.1*	431	15	7	15	63	107	411
13	Nordic △	GT Management	61	0.5	79	12□	–	–	88	105	†
95	North Atlantic Securities △	Morgan Grenfell	398	1.2	487	–	38	37	25	97	†
204	Northern American	Dunedin Fund Managers	439	1.7	545	16	24	20	40	100	319
33	Northern Securities	GT Management	267	1.2	304	64	17	9	10	98	296
140	Romney	Lazard Brothers	398	1.8	485	9	39	29	23	99	302
105	Schroder Global	Schroder Inv. Man.	240	2.5	287	38	33	13	16	95	276
388	Scottish Eastern	Martin Currie Inv. Man.	143	2.2	176	56	16	12	16	108	324
528	Scottish Investment Trust (w)	Independently managed	427	2.2	531	32	30	14	24	103	306
20	Stratton Investment Trust	Baring Inv. Man.	114	–	135	56	21	9	14	115	†
110	Tribune	Baring Inv. Man.	179	2.6	215	46	25	14	15	95	327
314	U.S. Debenture Corp.	GT Management	358	2.6	399	50	23	10	17	108	285
	North America										
160	American	Edinburgh Fund Mgrs.	151	2.9*	188	21	79	–	–	100	239
150	Edinburgh Amer. Assets	Ivory & Sime	119	0.8	153	6	88	3	3	117	246
153	Fleming American	Robert Fleming	618	1.4	735	2	98	–	–	94	251
39	Gartmore American Secs.	Gartmore	170	1.1	197	15	83	1	1	111	332
163	Govett Atlantic	John Govett	160	2.6	198	16	83	–	1	98	226
82	TR North America	Touche, Remnant	106	2.4	128	6	94	–	–	94	243
	Far East										
7	Australia (w) △	Clayton Robard (UK)	105	0.3	138	–	–	–	100	98	†
48	Drayton Far Eastern (w)	MIM	205	0.8	268	2	–	50	48	105	343
181	F & C Pacific (w)	Foreign & Colonial	252	0.8	309	6	20	50	24	103	319
324	Fleming Far Eastern	Robert Fleming	152	0.9	204	1	–	67	32	101	403
344	Govett Oriental	John Govett	260	1.3	351	6	–	61	33	109	384
25	Martin Currie Pacific (w)	Martin Currie Inv. Man.	164	0.5	193	9	–	62	29	88	†
†	Pacific Assets (w)	Ivory & Sime	138	0.3	†	†	†	†	†	†	†
44	TR Australia (w)	Touche, Remnant	115	2.8	140	6	–	–	94	101	218
202	TR Pacific Basin (w)	Touche, Remnant	207	0.7	268	2	–	69	29	99	432
	Japan										
51	Baillie Gifford Japan (w) △	Baillie, Gifford	386	0.1	470	–	–	100	–	92	545
13	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	63	1.0	78	–	–	100	–	97	†
108	Crescent Japan	Edinburgh Fund Mgrs.	244	0.2	320	–	–	100	–	97	473
246	Drayton Japan	MIM	664	0.2	904	5	1□	93	1	102	428
161	Fleming Japanese	Robert Fleming	150	0.6	200	2	–	98	–	101	428
108	GT Japan	GT Management	228	0.9	305	4□	1	94	1	110	460
65	Japan Assets (w)	Ivory & Sime	64	0.1	80	1	–	99	–	95	359
69	New Tokyo (w)	Edinburgh Fund Mgrs.	243	0.1	318	–	–	100	–	89	426
	Commodities & Energy										
†	New Darien (w)	Hodgson Martin	64	1.4	†	†	†	†	†	†	†
25	Precious Metals △	J. Rothschild	174	0.4	207	7□	57	–	36	92	250
105	TR Natural Resources	Touche, Remnant	153	3.8	174	33	33	–	34	91	171

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.1.87 (12) base=100
	Technology										
11	Baillie Gifford Tech. (w)	Baillie, Gifford	74	2.9	100	38□	62	–	–	76	†
95	Fleming Technology	Robert Fleming	180	0.5	240	40	39	16	5	100	233
94	Independent	Ivory & Sime	256	0.4	331	19	77	–	4	91	222
399	TR Technology	Touche, Remnant	133	1.9	174	38	47	10	5	99	271
	INCOME GROWTH										
401	British Assets	Ivory & Sime	73	4.4	92	53	39	–	8	110	329
†	First Scottish American	Dunedin Fund Managers	402	3.9	†	†	†	†	†	†	†
84	General Consolidated △	Independently managed	370	4.9	440	69	28	–	3	89	313
254	Investors Capital Trust	Ivory & Sime	324	5.2	399	99	1	–	–	100	†
46	Lowland	Henderson	165	3.1	181	88	3	–	9	99	541
187	Merchants	Kleinwort Grieveson	149	4.3	180	72	22	–	6	98	290
208	Murray Income	Murray Johnstone	185	4.6*	222	74	11	–	15	106	363
296	Murray International	Murray Johnstone	184	3.8*	230	40	38□	13	9	95	321
160	Raeburn	Lazard Brothers	476	4.0	589	58	27	11	4	93	278
229	Securities Trust of Scotland	Martin Currie Inv. Man.	106	4.0	129	57	23	9	11	107	368
	SMALLER COMPANIES										
18	Continental Assets (w)	Ivory & Sime	124	1.1	140	–	–	–	100	79	†
55	Dundee & London	Dunedin Fund Managers	261	3.2	324	78	12	9	1	98	287
67	English & International (w)	MIM	191	2.8	237	65	23	10	2	105	334
90	F & C Alliance	Foreign & Colonial	143	1.9	172	40	26	15	19	102	258
12	First Charlotte	Ivory & Sime	14	0.5	16	96	1	3	–	97	188
28	Fleming Fledgeling	Robert Fleming	168	2.1	219	73	25	2	–	93	302
21	Kleinwort Smaller Cos.	Kleinwort Grieveson	400	3.0	473	99	1	–	–	100	376
36	London Atlantic	Investors in Industry	232	4.2	311	72	13	–	15	95	279
28	Moorgate	Independently managed	480	4.6	586	93	1	–	6	92	375
26	North British Canadian	Investors in Industry	284	3.5	378	95	3	–	2	97	300
74	St Andrew	Martin Currie Inv. Man.	174	2.8	214	61	19	12	8	96	324
253	Scottish American	Stewart, Ivory	93	3.0	113	50	29	9	12	99	268
50	Smaller Companies Int.	Edinburgh Fund Mgrs.	101	2.0	125	67	15	18	–	96	333
23	Strata Investments (w) △	Henderson	145	0.5	145	36	22	12	30	99	†
253	TR Trustees Corp.	Touche, Remnant	106	2.9	132	68	24	8	–	103	231
z307ø	Throgmorton (w)	Throgmorton Inv. Man.	371	3.6	459ø	90	8	1	1	115	355
	SPECIAL FEATURES										
88	Ailsa △	J. Rothschild	144	2.4	172	50	28	12	10	89	335
20●	Consolidated Venture (w)	MIM	168	0.1	186	26	74	–	–	98	299
195●	Drayton Consolidated	MIM	425	3.6	551	77	16	5	2	95	247
†	Edinburgh Financial (w)	Stanecastle Assets	48	1.8	†	†	†	†	†	†	†
286	Ensign Trust	Merchant Navy Inv. Man.	80	1.8	88	68	22	1	9	107	†
53	Fleming Enterprise	Robert Fleming	378	3.3	472	100	–	–	–	108	338
347	Fleming Mercantile	Robert Fleming	188	2.9	226	68	27	1	4	78	290
24	GT Global Recovery △	GT Management	196	1.8	218	65	25	5	5	111	270
63●	Murray Ventures (w)	Murray Johnstone	236	3.0	274	75	9	7	9	89	338
132	TR Property	Touche, Remnant	79	2.4	96	69	9	8	14	99	274
26	Throgmorton USM (w) △	Throgmorton Inv. Man.	111	2.0	129	99	1	–	–	112	†
24ø	Value and Income (w)	Stewart Olim	47	3.7	51	99	1	–	–	114	†
	SPLIT CAPITAL (x)										
3	Child Health 87	Thornton & Co.	465	–	525	32	7	16	45	130	320
52	City & Commercial 88/93	MIM	1098	–	1321	79	11	9	1	107	352
46	Dualvest 85/87	MIM	1850	–	2084	94	4	2	–	94	321
42	Fundinvest 85/90	MIM	504	–	590	77	11	10	2	106	337
3	Marine Adventure 88	Thornton & Co.	310	–	345	47	8	2	43	115	†
58	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	81	–	191	100	–	–	–	129	†
48	S. & P. Linked 95/97	Save & Prosper Group	560	–	890	100	–	–	–	113	402
29	Throgmorton Dual △	Throgmorton Inv. Man.	305	–	622	100	–	–	–	–	†
116	Triplevest 87/91	MIM	1370	–	1698	90	9	1	–	108	316

NOTES TO THE TABLE
† No data.
* Applies to Ordinary/"A" Ordinary only.
□ More than one quarter in non-equity *investments*.
(x) Capital shares and winding-up dates.
z Incorporates recent revaluation of unlisted investments.
ac Adjusted for scrip issue.
ar Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
● More than 20% in securities or other assets included at directors' valuation.
△ The Trust has provisions for a limited life. Please refer to the company for further information.
ø Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent.

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	314
F.T.–Actuaries All-Share	322
* *Standard & Poors Composite*	331
* Tokyo New Stock Exchange	578
* Morgan Stanley Cap. Int. World	393

+ Excludes split capital.
* Adjusted for exchange rate changes.

Between Devon and the deep blue sea

John Brennan explains why new roads and changed planning regulations are altering Devon's north/south divide

Youlston Park: Likely to prove "irresistible," even at more than £600,000

FIVE LITRES of Mercedes and a Saudi Arabian driving licence are how one regular visitor cuts the travelling time from London to north Devon. But that is not to be recommended. Driving sedately enough to avoid the risk of endorsements, the 170-mile run to Exeter, via the M3, followed by the dip north on the M5 to the Tiverton turn-off, is only 2½ hours for a non-stop driver.

It is the winding country roads after that which eat the time—and also help to keep properties in the north of the county, outside a 15-mile-wide border area along the M5, at a sizeable discount to those on and below Dartmoor.

The North Devon Link Road, now being built between Tiverton to Barnstaple, should narrow that price gap substantially, according to Martin Lamb. He runs Jackson-Stops & Staff's office in south-west England and says: "As a rough guide, a house in south Devon—or in the corridor along the M5—that would cost you £150,000 might sell for around £120,000 in the north of the county right now. And for every 10 people we know of who are looking for a place in south Devon, I'd say there are perhaps three who are looking at the north."

The north does tend to be wetter: its coast provides better surfing than sailing (unless you are particularly handy in a boat) and that barrier of a road network has blocked it off from the range of leisure facilities you will find along the southern stretch from the mouth of the Exe to Plymouth. But in a county where the residential agents have long lists of would-be buyers and a severely limited number of country properties of character, prices both north and south have risen sharply in the past year. Well before the completion of the link road in 1990, the sheer weight of buying interest looks likely to even-up the price gap.

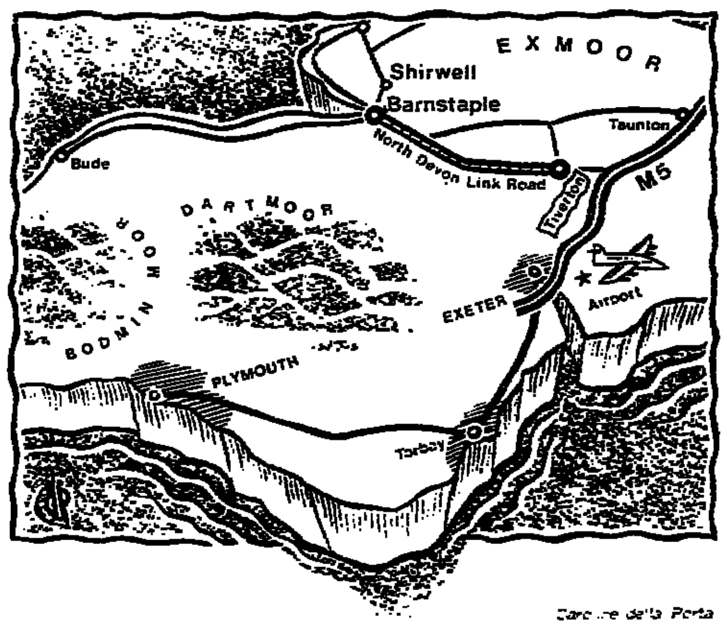
Many of the new Devonians are owners trading down in price and up in quality from properties in the Home Counties. Charles Mills, of Fox & Sons (Western), part of the Martlet Property Services group, reports that the migration west of retirement-age buyers—which traditionally ended in a bungalow overlooking Lyme Bay in towns like Sidmouth, Seaton and Exmouth—has recently extended to "both the Taunton and Exeter areas."

Retirees looking for a sea view are also affected by the new roads planned in the north, since Fox & Sons confirms that the cheapest coastal retirement towns are along the area by the Bristol Channel and looking out across the Atlantic. Mills says the lowest prices are "probably in such areas as Ilfracombe, with the top range in Sidmouth."

Not that all incomers are cashing-in their Hampshire mock-Tudors for a seaside retirement home. The sale of a stockbroker mansion in the shires would now cover the costs of a decent flat in town and leave scope for a place in the country—as long as you do look a fair way beyond the commuter belt and stay clear of high fashion areas like "Royal" Gloucestershire. So there are plenty of active business people on the agents' mailing lists for the area—although, here again, Lamb reports that they are mainly people whose work takes them to London or who have been drawn to the area by the expansion of offices in Exeter.

The InterCity rail service from Paddington to Exeter has cut the travelling time to 2¼ hours, and Exeter's airport will be on the schedule for flights from the new commuter airport due to open in the Royal Docks, just six miles east of the City of London, later this year. Bristol, a seemingly obvious catchment area for buyers, is the source of few enquiries. Bristolians, it seems, stick close to home.

Lamb says Manor houses on Dartmoor are "the easiest things to sell". Stone houses on the Moor with 20 acres or so of grounds, are in great demand. Sales last year suggest that a four to five bedroom mini-manor in good condition on the Moor would start at £250,000 and would not stay there for too long. "We had three underbidders for one property like that and it has taken me 12 months to find an alternative property for one of them," Lamb adds.



Caroline della Porta

Further south, the retirement belt and long-distance weekend commuter country overlap in competition for country houses. But there are signs that the Government's rethink of the priority formerly given to agricultural production has already filtered down to local planners.

Lamb is still recovering from the surprise of a planning site inspection of farm buildings earlier this month when cautious proposals for a part-light industrial, part residential conversion were overtured. The planners indicated they would look favourably upon a full residential redevelopment of two properties instead. On the strength of that reaction, Lamb predicts: "There are still barn conversions for £40,000 to £50,000 but looks as if any redundant farm buildings, that are available will be on the market this year."

Historic houses are another matter: and while most of those in the south and centre of Devon have an orderly queue of buyers stacked up in the event of their sale, the area around Exmoor in the north has a far thinner crop of major properties. That alone makes Youlston Park at Shirwell, five miles from Barnstable, a rarity. Several hundred years of history take it beyond "rare".

Lying hidden in the centre of 160 acres of park and gardens, which is itself fringed by a strip of beech wood ,Youlston Park House is a grade 1 listed historic building. Once a medieval hall, Youlston became part of the Chichester family's estates in 1490, and was added-to and embellished by the Chichesters for more than 400 years. The late Sir Francis (of round-the-world sailing fame) landed his light aircraft in the park on visits just after the First World War: but the days when Youlston had a house staff of 19 and a full complement of groundsmen, gamekeepers and stable hands by then were already a memory.

By the early 1970s the house was in a sad state, and might well not have survived as more than a sad derelict but for renovations carried out by the present owner, local landowner John Comer Clark. His efforts have restored much of the natural light to the partly-Victorianised house by uncovering windows blocked off a century ago, and by clearing an inner courtyard of servants' quarters that had been progressively tacked onto the property over generations. Comer Clark cut out the rot and renewed the roofs, the wiring, the plumbing, interior staircases and timbers.

During the work, he discovered the original Tudor roof of the main hall section, which still stands as an extraordinary timber sandwich between the 17th and 18th century roof line and ceilings of the present house. His builders cleared away layers of paint obscuring spectacular ceiling plasterwork and uncovered a vast 17th century hand-painted Chinese wallpaper that covers all four walls of a room that had been covered by shelving and billiard scoreboards.

Comer Clark has not finished the work and now won't. What he has done is to restore the shell of the house and take the interior to pre-decoration stage. If a "shell and core" Grade I historic house isn't a contradiction in terms, then that at least gives the status of the property.

The freehold asking price of "over £600,000" would still be several hundred thousand short of the full cost of completing the total renovation, decoration and fitting-out of the estate. But the hard work has been done; and while Jackson-Stops & Staff (0392 214222) has checked with the planners that they would consider the usual range of options for a nine-bedroom house in this condition—perhaps a corporate headquarters, an hotel, leisure complex, health spa, private hospital or whatever—the house and park itself are likely to prove irresistible to a single buyer.

New Homes

مكتبة الأصل

Offshore space to walk the dog

ONE DISCREET, and inevitably unconfirmed, reason for the past year's influx of buyers to the Isle of Man is that people selling farms and businesses in the UK appear to have been successful in claiming roll-over relief against working farm and business purchases on the island.

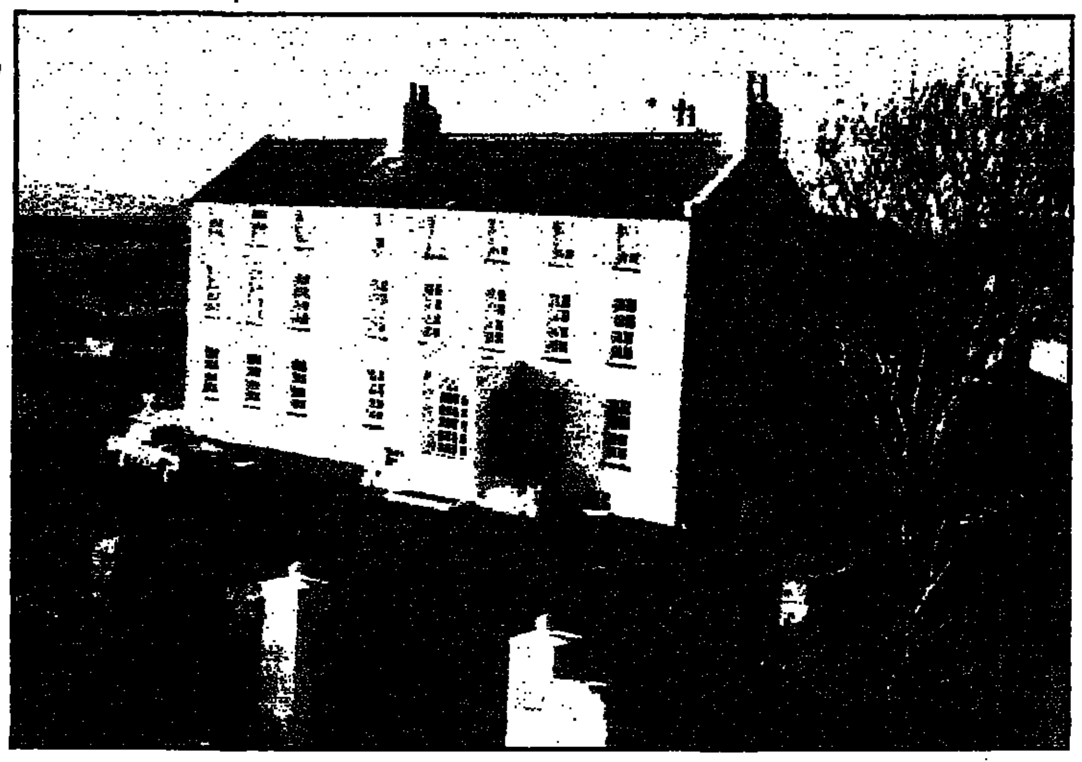
Effective tax management has been less of a reason for the Channel Islanders switching to the Irish Sea. They have been cashing in on the high values of open market properties in Guernsey and Jersey and looking for properties with more elbowroom in the equally untaxing, but more welcoming, Isle of Man.

The new Government in Douglas has said it would like to see as many as 10,000 economically active incomers alongside the island's present 55,000 population over the next five to 10 years; and with the marked revival of the offshore financial community, that target looks attainable.

Michael Pearce, of Manx agent *Cowley Groves*, reports that the residential market has been livelier over the past six months than at any time since the late 1970s. Office staff and executives drawn to the financial service businesses opening branches in the capital, Douglas, had created an acute shortage of £35,000 to £80,000 modern houses by last summer, and that is still a section of the market with limited supply.

Cheaper properties—unmodernised terraced houses and cottages that have not in the past appealed either to cost-conscious locals or to period property fanciers from outside the island—are beginning to be snapped up. But there are still a fair number of these lower-priced properties to be found before Manx experiences the full impact of a wave of gentrification.

Up in the £150,000-plus range, houses now are " selling like hot cakes," says Pearce.



Knockrushen House: a 16th-century property near Castletown in the Isle of Man; at £500,000, it comes complete with smugglers' cellars

Christopher Simpson, whose Mill Baldwin group builds some of the largest houses on the island, is now quoting a 15-month waiting period for new jobs. Other builders are finding a fresh line of business in the complete replacement of farm properties and the creation of a new generation of country houses.As Pearce explains: "there was not the wealth here 200 years ago to have a large number of major houses; and while the planning prevents people buying existing farms and putting new buildings on the land, they are getting permission for the complete replacement of farm buildings." These new country houses take their style from the old; as Pearce says: "Some are almost Elizabethan to look at."

The incoming residential farm buyers, even those who take on a fair few acres of land, tend not to be active farmers. "They often just like to have somewhere to walk the dog," says Pearce. As for people seeking houses at £500,000 plus, the *options are strictly limited*. Even after recent price rises, there are no more than a dozen or so on the island in that price bracket; and while Pearce thinks that "perhaps two or three of those could be bought," few ever reach the open market.

One that has is Knockrushen House, near Castletown in the south of the island and just 10 minutes drive from the airport. A 16th-century, eight-bedroom house, it comes complete with smugglers' cellars and a history that includes former owners like Miles Standish, the military adviser to the Pilgrim Fathers on their American trip, and Fletcher Christian, who went on to lead the mutiny on HMS Bounty.

Priced at £500,000 by John D. Wood (01-629 9050), the house has been updated inside and stands in a couple of acres of garden and orchard, adjoining a further five acres of leased land.

There are three flights a day from the island to London Heathrow, 80 minutes away, and the introduction of jet services this summer is expected to cut that journey to 50 minutes.

John Brennan

Service given with the sale

John Brennan spotlights an estate agency with a positive approach

FARON SUTARIA has acquired the knack of irritating other estate agents. When he started his Notting Hill agency he was, as he says, an unknown quantity, whose only previous experience was as a mortgage broker. No one took much notice of yet another newcomer to the residential market.

Even when he started to open his office late in the evening the innovation was merely taken as evidence that he could not make a go of it in " normal " agency hours. Opening weekends—with the office active until 5 pm on Sundays rather than the mornings-only service that has since started to be offered by a number of other agencies—was, at first, regarded as just another gimmick.

His latest " first " is coffee and croissants over the sales particulars for house browsers. They form part of a positive attitude to customer service that is notable primarily for its rarity in a business that is not widely regarded as being particularly user-friendly.

Sutaria is a salesman first and last. He does not deter surveyors working for him, but neither does he feel that surveyors are necessarily the best people to provide a house sales service.

As for opening late in the evening and over the weekends, he sees no reason why prospective home buyers should have to come to his office in their working hours if they don't have to. It is a viewpoint which is creating headaches for the staff management teams of other agencies in the area, but it has yet to win much support elsewhere.

Working on sales commissions of 2 or 2½ per cent in Central London, and at or below 1½ per cent in the provinces, it would be unrealistic to expect UK estate agents to match the level of service offered in, for example, the United States, where 5 and 6 per cent commissions are commonplace. Yet being open for business when it is convenient for customers to visit an office seems to be a fairly basic element of service.

It is nine years since the high street banks closed their doors on Saturdays. It has taken them a couple of years of hard negotiating with their staff, and a vast investment in automated banking equipment, to be able to provide even a selective skeleton weekend service once more. In the intervening years the banks lost an expensive slice of their personal business to the Saturday-opening building societies—a fact that will not have been lost on those societies as they enter the agency-buying race themselves this year.

Since personal service is the prime competitive counterweight available to independent estate agencies in the face of the greater capital resources and marketing muscle of the new national agencies, Sutaria's non-traditional approach is a far from frivolous example.

Even his croissants may have broader implications. Home buying is not yet seen as an aspect of the leisure industry. Window shoppers—" time wasters," in normal agency parlance—are discouraged in favour of more evidently serious would-be buyers. Yet the retail industry has already begun to segment " task " shopping from " fun " shopping; shifting bulk-buying out of town, and investing in speciality centres where window shopping is part of the appeal. Applying this to the residential property market, buyer-browsers with croissants in hand may well become an important part of a business that until now has been able to operate in a take-it-or-leave-it way, dealing mainly with buyers whose need for a property makes them relatively undemanding customers.

Country Property

London Property

Rentals

Overseas Property

Mortgages

Antony Thorncroft on the Maastricht Art and Antiques Fair

Robbery casts a $2.5m shadow

THE Maastricht Art and Antiques Fair opens next Saturday, but the big news sensation was last week when picture dealer Robert Noortman had eight of the finest paintings he had brought to Maastricht stolen from the gallery he runs in that city.

Like most art robberies this one is a total mystery. The thieves seemed to be aware that the gallery would be temporarily over-flowing with good things and selected exceptional pictures, including a Hobbema country scene of the highest quality, on offer for $1m. Also lost are a Renoir, a Pissarro, a Jan Brueghel the Younger and a David Teniers. They are well-known pictures. None could be sold on the open market.

There has been no ransom demand: there are no leads. Fortunately Noortman has plenty of pictures in stock: visitors to his stand will find works by Frans Post, Dufy, Pieter Brueghel the Elder and many more. All told, the lost pictures are valued by him at $2.5m—and there is a reward of 10 per cent of their value for "information received."

The incident brings home the link between art and money. Often, when dealers expand on the beauty, the provenance, the artistry of their works of art, it is easy to forget that they are basically salesmen. The organisers of the Maastricht Fair try to disguise this awkward fact by holding alongside it a loan exhibition of interest to academics and connoisseurs, which proclaims the permanence of art.

This year, on loan from four local museums, are around 30 mediaeval carvings from the Maas valley. They include the Virgin of Evegnée, dated to around 1065; one of the earliest, most human, and most moving of all the known primitive evocations of the Virgin and Child. Nowadays it would be a brave Fair that did not include a nod towards the scholarly.

This is the third year of the enlarged Maastricht Fair, a coming-together of a picture fair and an antiques fair. It is the biggest annual event on the Continent, last year it attracted 30,000 visitors — more than Grosvenor House in London — and sold goods worth over £30m. What makes Maastricht an eye-opener to British visitors, accustomed to bored-looking dealers selling tired stock, cramped in temporarily converted hotel suites or Victorian town halls, is the opulence of the surroundings. On one side are the picture dealers: on the other those who specialise in works of art. You can, as a potential customer, concentrate on your collecting passion, but the hope is that the happy buyer of an 18th century painting will have an eye caught by some Meissen porcelain or a Louis XV cabinet.

Of course the appeal of Maastricht to the 80 dealers who have taken space is its position—in the southern sleeve of the Netherlands, a few minutes from both Germany and Belgium. The rich collectors of Cologne and other Rhineland cities can drive there in an hour, and the city is roughly the same distance from Brussels. Not surprisingly, most of the goods on offer are of Dutch, Flemish, German or French origin, but British dealers have developed an increasing interest in the Fair, and this year 17 have bought space. It takes some time to adjust to quoting prices in five currencies, but the affluence of the browsers makes the effort worthwhile. While the Grosvenor House Fair has its fair share of the goggle-eyed, a high proportion of visitors to Maastricht expect to buy.

Among the most regular attenders at the Fair is London dealer Johnny van Haeften. His interest is predictable: he sells Dutch and Flemish pictures; he has always disposed of at least ten at Maastricht. This year he is offering a pretty interior by de Hooch, which recently surfaced in Sweden after almost 80 years of obscurity and is priced at £350,000; as well as works by the Ruisdaels, Jacob and Solomon.

It is optimistic to take British paintings into this continental heartland, but Colnaghi is offering Italian and French works as well as a portrait of a young archer by the 17th century Dutch artist Nicolaes Maes. Among other London picture dealers on display at Masstricht are Chaucer Fine Arts, Alan Jacobs, Douwes, and Elmerside, which is boldly offering a classical scene by the late Victorian Alma-Tadema who, after all, was Dutch-born.

There is also a strong presence from Bernheimer, now well-integrated into the London scene while continuing to run a palatial operation in Munich. Among his offerings is a mid-18th century Aubusson tapestry. It's a Chinese garden scene which should widen its appeal.

The oddest British entrant is Crowther of Syon Lodge, which specialises in architectural fittings. Crowther has taken a panelled room dating from around 1640 to the Fair, and priced it at £55,000. It is also offering a large stone well-head, four feet high and five feet square, made in northern Italy in the 18th century.

Fairs are becoming a much more significant feature of the antiques world. They offer the dealers a chance to hit back in unison against the dominance of the auction houses — in eight days Masstricht will sell more items than all but the three big international salerooms sell in a year. Unlike the salerooms, all the treasures on offer — which start at around £100 — can be haggled over.

Insiders might wince at the mark-ups some dealers have put on pictures or works of art, that they recently acquired at Sotheby's or Christie's, but you do get a guarantee, good advice, and usually a "buy back" offer. Few British collectors visit Maastricht. It is very accessible and its richness would amaze them.

Detail from Portrait of the Van der Bergh Family, by Jurgen Ovens, on offer by London dealer Alan Jacobs at Maastricht

Pills, potions and erotica

YOU HAVE until April 10 to see A Vision of History. That is the name given to a small exhibition of books and pictures illustrating the history of medicine on show at the Wellcome Insitute, 183 Euston Road, London, week days only. It commemorates the 50th anniversary of the Wellcome Trust, one of the nation's most effective charities.

The Trust is the sole shareholder of the Wellcome Foundation, the international pharmaceutical giant, and the flow of dividends allows it to support a wide range of modern medical and scientific research. However the trustees also share the view of the founder that the history of a subject is a vital part of a total research effort. Some 10 per cent of the Trust's income is therefore committed to that purpose. Research and teaching units are maintained at three British universities and every year dozens of individual scholars receive financial assistance. Most importantly, the Trust maintains the Wellcome Library, a resource unrivalled in Europe.

Sir Henry Wellcome, who died in 1936, devoted the last 40 years of his life to collecting. He saw the history of medicine as part of a wider study of ethnology and anthropology, and his agents scoured Europe and Asia for materials. Afraid of being defrauded by dealers who knew his wealth and his enthusiasm, he would send members of his firm to the auction houses to act on his behalf. But they were usually rumbled. Nor was it difficult to guess the beneficial ownership of Epworth and Co, a rare book company created to do his bidding.

At first Wellcome could not see that the secrecy which had been vital to his success in business was death to good research. In the early days it was difficult for outsiders to obtain access. Now, however, the Wellcome Library is as welcoming as its name. It is a treat to visit a thriving intellectual organisation free from that apologetic air of skimping makeshift and neglect which affects so many British libraries. Although it has close links with London University, the Institute offers its services to the whole scholarly world.

Only a tiny selection of the holdings can be seen in the exhibition, but they are representative of the totality. The European materials go back far before the invention of printing and there are over 600 15th-century books. The collections relating to other cultures are almost as extensive. One of the early librarians, Dr Paira Mall, who knew the major European languages as well as Sanskrit, Persian, Urdu, Punjabi, and Arabic, bought heavily in India. Other rich hauls were made in South America and in the Far East.

It was obvious long ago that Sir Henry's ambitions were too widely drawn to be the basis of a purchasing policy. Many extraneous materials were therefore sold off or gifted elsewhere to allow the Institute to concentrate on its prime activities. Only the founder's erotica survive as evidence of an earlier catholicity and they surely deserve their place. It is not long since the only representations of nudity permitted in the UK were in art, health and medicine books.

A few years ago the Wellcome's museum of medical antiquities was put on deposit at the Science Museum in South Kensington. It is one of the most graphic displays in London, a splendid example of the exhibitor's art, but not a place to take young children if you want them to grow up to be doctors. There is nothing like the history of medicine for making you glad you live in the modern world.

As late as the 19th century doctors still probably did more harm than good. The thought of black swarming leeches is enough to bring on an illness, and as for being cut open with no other anaesthetic but whisky, many people sensibly preferred to suffer. Opium was freely prescribed for virtually every illness from toothache to melancholia, and many families kept a bottle of laudanum in the cupboard.

The Library exhibition contains the journal of Barron Larrey the French soldier of the Napoleonic period who invented the flying ambulance to dress wound at once on the battlefields to prevent unnecessary loss of blood. The British at that time still stuck to more traditional methods. Colonel Ponsonby of the 11th Hussars who received seven wounds at Waterloo reported that, after he was picked up, his surgeon saved his life by bleeding him—he took 120 ounces of Ponsonby's blood in two days besides what he had lost already.

Not everything in the exhibition is old. The Institute contains the papers of Melanie Klein whose work on the psychoanalysis of children was highly influential. There are alarming documents from the Eugenics Society. A cheerful caricature shows Marie Stopes outraging official opinion by advocating birth control. But, you will be relieved to hear, there is nothing about Aids.

William St Clair

Byzantium in the Cotswolds

PROVINCIAL MUSEUMS can sometimes do quite simply what their national counterparts only achieve after a great deal of hard work. That is, to bring together a rich variety of objects from right across the drawing board and beyond. "Arts and Crafts designs and recent acquisitions" on show at Cheltenham Art Gallery and Museum (until April 4) includes designs for furniture, metalwork and plasterwork, as well as architectural drawings, private press books and furniture—all from the museum's own holdings.

As it is primarily a local collection, the exhibits focus on the work of Ernest Gimson and Ernest and Sidney Barnsley who swapped architectural practices in London for Cotswold workshops, smocks and sloe gin in 1893. Living first at Pinbury, near Cirencester, they moved to nearby Sapperton in 1902, building their own houses. Gimson and Ernest Barnsley leased the Elizabethan Daneway House as a showroom and converted its outbuildings into workshops.

Most of the museum's 2,000 or so designs, most of which have never been shown before, came after the death of Mrs Emily Gimson in 1941, augmented by some 300 by Sidney Barnsley given by his son in the '70s. The representative selection on display demonstrates not only the extent of the efforts made by Gimson and the Barnsleys to revive traditional craftsmanship and materials in buildings and furniture making but the range of documentary material. It documents too their collaboration with fellow architects and designers such as Robert Weir Schultz and William Weir.

Gimson's two designs developing and refining Weir Schultz's scheme for the choir stalls in St Andrew's Chapel, Westminster Cathedral of 1914, opens the exhibition. The Daneway visitors' book records Weir Schultz's visits and the account books show that the prototypes took 502½ hours to complete, at a cost of £44 13s. The prototype Byzantine chair itself, of brown ebony inlaid with ivory, is on permanent display in the museum.

Byzantine influence on Arts and Crafts design has yet to be fully researched, but it is nonetheless apparent here. Sidney Barnsley—one of the few Arts and Crafts designers actually to make his own work—travelled to Greece with Weir Schultz in 1889-90 to study Byzantine architecture. What he saw inspired the mosaic wall decoration of his first architectural commission, the church at Lower Kingswood, Surrey. Even Gimson's confident design for a candlesconce incorporates a Byzantine triple loop motif.

In his only published work

Treasure

Trove

Plain Handicrafts (1892) Gimson emphasised that the craftsman should show in his work something of the pleasure he took in natural things, his inspiration, and that he should learn from studying old work. All is neatly encapsulated by one framed group of drawings. Alongside two flower studies and floral and geometric patterns copied from the 14th-century frescoes in Berkeley Church is his design for a lectern at Roker Church, Sunderland, of 1906. The geometric pattern in its ebony stand derives directly from the fresco panels, the floral inlay a free interpretation.

Domestic furniture designs range from coloured presentation drawings for clients to scrappy but more informative sketches for the craftsmen. Most precise are Gimson's drawings for turned chairs with rush seats, the manufacture of which he handed over to a local boy, Edward Gardiner, in 1903. Somewhere in between falls Sidney Barnsley's design for an English oak dresser for Ambrose Heal of 1922, annotated with Heal's comments which Barnsley has heeded in the final design.

Proof, if any were needed, that Arts and Crafts furniture is not all unstained oak and austere simplicity, is provided by recent acquisitions. The first pieces to enter the collection by Kenton and Co. (a firm set up in London in 1890 by five young architects including Gimson and Sidney Barnsley to produce well-made furniture of good design) are two rush seated but sophisticated mahogany chairs with ripple rails, designed by Gimson. Morris and Co's chief designer, George Jack, is represented by an Italian walnut panel finely carved with flowers and foliage in low relief.

Architectural drawings feature throughout the show. There are the expected designs for traditionally constructed cottages—such as the cob and thatch Devon home Gimson designed for his assistant Basil Young—and drawings showing Gimson's collaboration with William Weir in work for the Society for the Protection of Ancient Buildings. Gimson's grandiose city schemes are shown in a perspective view (unexecuted) for the new head offices of the Port of London Authority in Trinity Square.

Ernest Barnsley gave up furniture design around 1905 to concentrate on architectural work. But business still prospered at Daneway under Gimson, and the Cotswold Arts and Craft tradition did not die with him in 1919. Peter Waals, Gimson's foreman craftsman set up his own workshop. Sidney's son Edward Barnsley continues to produce furniture in Hampshire, and the exhibition concludes on a note of continuity with a serving table in wenge and yew made two years ago by one of his pupils, Alan Peters.

Susan Moore

Historic heroes and villains

MEDAL COLLECTING is a venerable hobby; but its orientation has shifted in the past decade or so. The old collectors were simply concerned with the numismatic variety and quality. Nowadays the value placed on a medal often depends very much on the story behind the award and its recipient.

Two medals in a Sotheby's sale on March 4, for instance, recall dramatic nautical disasters of the 19th century. The wreck of the Birkenhead was to become a Victorian legend of heroism amid catastrophe. So moved was Wilhelm IV of Prussia by the exemplary discipline displayed on that occasion, that he had the story of the incident read out at the head of all his regiments.

The Birkenhead was a large steam frigate which had been converted into a troopship. On January 7, 1852, she left Cork for South Africa carrying 491 officers and men, a crew of 130, and 25 women and 31 children. At 2 a.m. on February 26, a day out of Capetown, where she had disembarked some passengers and taken on supplies and horses, the ship hit an uncharted rock off the aptly named Danger Point in False Bay.

Many soldiers on the lower decks were drowned with the first in-rush of water. All the women and children, however, were brought on deck and put in the only cutter that could be launched: the incident is famous as the first time the cry "Women and children first!" was heard.

With the ship on the point of going down the commander gave the order "All those that can swim, jump overboard and make for the boats." The senior army officers, Captain Edward Wright and Lieutenant Giradot, recognised that if so many men attempted to board the cutter with the women and children aboard it would be swamped and sunk. They therefore begged their men to stand firm and disregard the commander's order. Three made for the side, but of the rest Captain Wright later wrote: "Everyone did as he was directed, and there was not a murmur or cry among them until the vessel made her final plunge . . . All received their orders, and had them carried out, as if the men were embarking, instead of going to the bottom. There was only this difference, that I never saw an embarkation conducted with so little noise or confusion."

The Birkenhead goes down . . . but the troops line up to await almost certain death

Along with other survivors Captain Wright clung to a large piece of driftwood. The tide landed them on shore about eight hours later. They then trekked through the thick thorn bushes for hour after hour — many of the men naked and unshod. At three in the afternoon they met a man with a wagon: at sundown they reached a cove where there was a fisherman's hut.

Captain Wright's stamina was phenomenal. Leaving his men to rest, he walked on eight or nine miles more till he found a farmhouse and arranged for food to be sent back to the hungry troops. The next three days he spent scouring the coast in search of survivors and arranging the burial of the dead washed up on the beaches. Questioning the survivors, he diligently made up the casualty list, complete but for one man whose name he could not discover — 349 men died out of the original 491.

In recognition of his extraordinary conduct, the aged Duke of Wellington decreed Captain Wright should receive an annual award of £100. The 1853 South Africa Medal, which was Wright's other honour, is to be sold at Sotheby's: the stirring tale attached to it will ensure a price of £3,000-£3,500.

An Indian Mutiny Medal awarded in 1857 to Sgt Charles Roberts of the 54th Foot Regiment recalls a disaster at sea five years after the loss of the Birkenhead. The Sarah Sands, a modest Government transport converted to troop carrying duties, set out for India in January 1857, carrying 368 officers and men of the 54th Foot, as well as a number of women and children passengers.

Early in the trip her crew, a very dubious lot it seems, mutinied, and several were put in irons. Another seaman was skylarking when he fell overboard and was lost. On the afternoon of November 11 a soldier reported a fire, which swiftly spread through the aft part of the vessel. The rascally crew ran amok and launched the boats without orders.

The army took command, putting the women and children in the boats and battling the fire. The crew refused to give any assistance in saving their ship, which they would not even take in tow. Eventually the explosion of some powder kegs blew off the blazing section of the vessel and the soldiers brought the fire under control.

This was an extraordinary demonstration of the stoical dedication of the British soldier of those times, half a dozen volunteers risking their lives in repeated sorties into the blazing saloon in order to save the regimental colours — which eventually they did.

Not a soul was lost: even the mutineers in irons had been brought to safety. Most of the soldiers of the 54th had suffered terrible burns, however, their uniforms scorched from their bodies. Few of them were fit to return to service and it is this that puts a special rarity value on the Indian Mutiny medal that Sgt Roberts won only weeks after the fire. It is expected to realise between £500-£700—more than 10 times the ordinary price for an Indian Mutiny medal without a story or bars to associate it with particular actions.

Janet Marsh

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Propriety and prosperity: **Gay Firth** visits eminently respectable Boston

An orderly state of mind

ZIP UP the John Hancock Tower—60 floors of perfectly proportioned glass in 30 seconds—to the observatory. Take a Skyview helicopter jaunt around the harbours. Catch a Bean Town Trolley, an Old Town Trolley or a "genuinely authentic" English double-decker bus.

The city is much more than Mark Twain's judgment that "Boston is a state of mind." Mind you, its accent was a tease long before a generation of movie-goers left their local cinemas with flattened vowels like Katherine Hepburn's, or before the Kennedys put Massachusetts on the map of modern money, power and politics.

Ford Madox Ford, who complained that Boston was an "architectural imitation of the intellectual suburb of London called Hampstead," complained even more of Boston's citizens uttering sounds like brick-throated bullfrogs. "It used to occur to me that if the Cabots really had the ear of the Almighty, He must bitterly have regretted that he ever invented the vocal chords of humanity."

You can take a clambake cruise aboard the Spirit of Boston, and Gray Line and Brush Hill coach tours go just about anywhere—out to Lexington and Concord, say, following the route of Paul Revere's wild ride. Or you can walk.

To be sure, Boston is bustling, but Bostonians retain their knack for privacy and propriety. You will not be pushed around, not even in the dusty, claustrophobic press of bargain basement sales at Filene's, one of Boston's grand old department stores.

Lest we forget, Boston's old families (Americans say "fine old," as if speaking of port) are with us yet. Beacon Hill in the Back Bay district—just west of the 48-acre Common in the centre of town, which has served as cattle pasture and stage for public executions in its time—is still the bastion of blueblooded Boston.

High brick townhouses parade sniffily, guarded by gas lamps, up and down its steep streets. The sedate green oval of Lewisburg Square is probably the best address in the US. The 19th century residences change hands only rarely, and then only after discreetly positive vetting, for between $3m and $5m.

Boston Brahmin ladies go to town for tea and symphony on Sunday afternoons, while their preppy sons and college daughters — "co-eds" to old fashioned folk in a city which has more than 70 universities in its immediate vicinity—head up town. So do the designer-dream men and women who form Boston's upper-yuppie boom in consumer fun and games.

Flowers, fancy foodshops, bars, brasseries and boutiques have made a glamorous, hopelessly trendy fairground of lovely old Faneuil Hall, sentimentally called the Cradle of the Revolution, and copper-domed Quincy Market—wharf-side landmarks dancing cheek to cheek with City Hall

Beyond Faneuil Hall and the Old State House, where the Declaration of Independence is read every Fourth of July from the balcony, I. M. Pei's twin condominiums, Harbor Towers, zoom skywards out of the old Boston waterfront.

The oldest commissioned ship in the US navy, the USS Constitution, and the "Tea party" ship itself, touchingly small, lie moored under the lofty nose of the financial district, where the huge new Federal Reserve Building—"100 per cent recycled aluminium," said a three-name banker in a three-piece suit, "Wow, is *that* a pile of old Coke cans"—is handy for seafood restaurants on Sleeper Street and the Italian restaurants of the North Side.

Boston prides itself, properly, on standards of cuisine and hotel accommodation as high as anywhere in the US, and shopping is as varied and adventurous as New York's. "More fun, less tacky," was the verdict of four well-heeled weekenders dressed from head to foot in Italian imports.

If you follow the Freedom Trail, marked by a red brick or painted line from the information booth near Park Street subway station, you will see 16 of the most important historical sites in New England, including will take two to three hours or two-and-a-half centuries, whichever way you like to look at it.

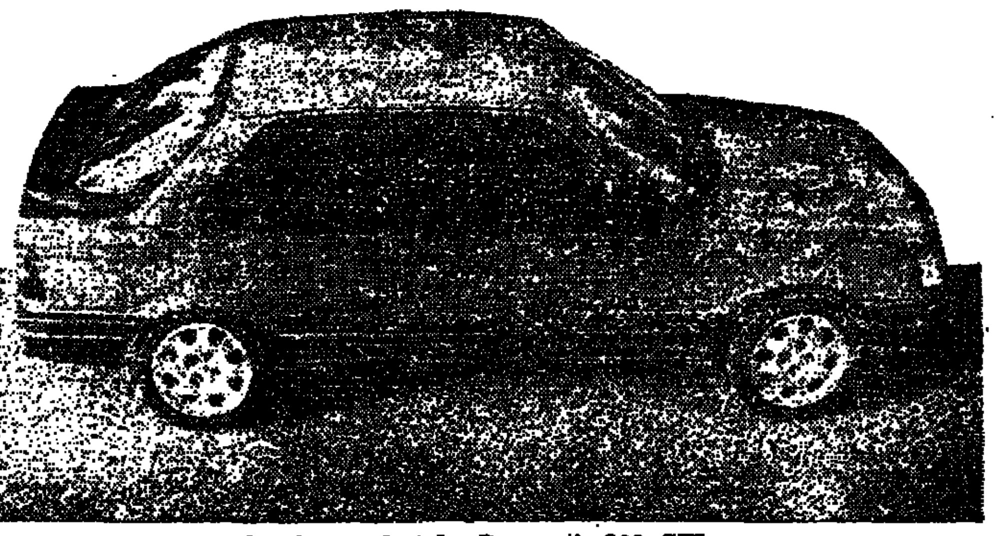
Galleries, sporting events and the performing arts are lavish and lively. There was more talk about the Red Sox baseball team than about the Museum of Fine Arts' decision to swap two Renoirs and a Monet for one Jackson Pollock; but civic controversy is the best and healthiest sport available.

However, there is no known controversy about Trinity Church, Boston's best-loved landmark, in the middle of town. Better by far to exclaim at its beauty than to believe, as you might, that Trinity Church is an 1877 Byzantine horror, its French Romanesqueries reflecting red and cream like a tutti-frutti cake in the polished glass of the Hancock Building across the street.

● **Travel details: There are various direct flights between London and Boston daily.**

Information: Greater Boston Convention and Tourist Bureau, Prudential Plaza, Boston MA 02199 (617 536 4100). Boston Bed and Breakfast Inc, 16 Ballard Street, Newton Centre 02159 (617 332 4199). Gray Line tours (617 426 8805). Boston Red Sox (American League baseball): ticket office (617 267 8661).

Faneuil Hall Marketplace, "Cradle of the Revolution," in the shadow of the Old Custom House



Comfort and style: Peugeot's 309 GTI

Car for all seasons

PEUGEOT MUST constantly be reminding itself that nothing succeeds like success. The 205 supermini launched three years ago was a best-seller from the start. The longer wheelbase 309 developed from it is on the way to repeating the story one class up.

It is the kind of car which accounts for exactly one-third of all purchases in Britain, where its main rivals are seen as the Austin Maestro, Ford Escort, Renault 11, Vauxhall Astra and VW Golf. Hatchbacks may be losing ground to "notchback" saloons among medium to large cars, but the 309 is pitched at buyers who prefer a tailgate to a boot lid by more than two to one.

Like the 205, the 309 was launched as a five-door. The 205 soon spawned a three-door version and a 309 with three doors has just gone on sale in France. A few days ago I had a preview of one of the 309 three-doors that are now being made at Ryton, Coventry, and will be on sale here in about five weeks.

It was the top-of-the-range 309 GTI, a fuel-injected four/five-seater that competes with the hottest of hatchbacks like the VW Golf 16-valve. There are four other models: 1.1-litre and 1.4-litre (carburetted) and 1.6-litre fuel-injected petrol cars, and an economy diesel.

The 309 GTI has a similar power train and performance to the 205 GTI, with a claimed top speed of 128 mph and an average fuel consumption in normal use of 37 mpg. Driving one on the deserted *autostrada* between Civitavecchia and Rome I saw 6,000 rpm in fifth gear (equal to 125 mph) at which speed the engine still ran sweetly and wind noise was moderate. Despite ultra-low-profile 55 series Michelin MXV tyres, it rode with the comfort one expects of a Peugeot. Power steering—a standard fitting—provided effortless parking as well as needle-sharp handling and as much roadholding as one could responsibly want.

Price of the 309 GTI and the other three-door models will not be known until shortly before they go on sale, but a figure of well under £10,000 seems likely. That would let the Peugeot undercut a three-door Golf GTi with optional power steering. The 309 GTI does not compete directly with the 205 GTI, but it could be the car to which an owner moves as the family starts to grow up.

Another version of the 309 new to Britain will be the automatic, this time with five doors and trimmed to GR standard. Its 1.6-litre, 80-horsepower engine is mated to a ZF four-speed transmission and offers the best of both worlds.

In town, you have the relaxation of two-pedal control with lively acceleration; on the motorway, high gearing and a mechanical lock-up in top give economy to compare with that of a manual car. I rated 38 mpg pretty good for a 100-mile run on a rainswept *autostrada* and some twisting minor roads at an agreeably brisk pace.

Deliveries of the 309 automatic start in May. Again, no price has been fixed, but I would guess around £8,300 which power steering, a most desirable extra, would increase to about £8,600.

Mercedes set to star

Barring any last-minute surprises, it looks as though the new Mercedes-Benz 230CE and 300CE coupes will be among the main attention-getters at Geneva Salon de l'Automobile which opens next Thursday for a 10-day run.

They are making their world premiere in Switzerland and are effectively two-door developments of the 230E and 300E saloons, conventionally booted with enormous and steeply-raked rear windows.

Rover's 600, a hatchback derivative of the 800/825 saloon, will not be at Geneva and is also expected to miss Frankfurt Show in September—its launch is planned for the end of the year. But Rover is making a brave show at Geneva with a stand filled with a new version of the 800 fitted with catalytic exhaust emission equipment.

Geneva, the only major international motor exhibition held every year, is still among the most interesting, not least because Switzerland has no domestic motor industry to protect and is a totally free market for the world's manufacturers.

***Driving to Geneva* is usually my first long Continental trip of the year and is a perfect opportunity to find out if a new model is as good when you live with it for a week as it seemed when sampled briefly at a press launch. This time, I am using a new BMW 735i. My expectations are high; more of this in a couple of weeks.**

Stuart Marshall

Gardening

See the conkering heroes come

THE PAST 15 years have been a wretched chapter in the history of Britain's trees. Drought, diseases and insects have affected many varieties and, to round it all off, honey fungus has been flourishing and has just killed the best winter-flowering cherry in my care.

How can we plant an avenue nowadays with any confidence? Perhaps we should simply choose the one family which has been towering above these troubles and scare-stories. *Nobody, as far as I know, has* been forecasting death for Britain's wonderful horse chestnuts.

Even now, their sticky buds are one of the first intimations of spring. What could be lovelier than their big pyramids of flower in a park or as a border to a broad drive? Everybody knows them, but while I was advising on their use this week, I ended by feeling that people *often choose the wrong* chestnut or miss some very good ones by thinking too narrowly.

The classic horse-chestnut is the enormous old Aesculus hippocastanum. It reached Europe through Istanbul about 400 years ago and has been dignifying Britain *ever since. Before* you plant it, give careful thought to the conker-problem.

Along a drive, this variety is a *definite nuisance as its conkers* squash into the hard surface. On boundaries or in semi-public

places, they encourage missiles and the depredations of conker-loving children: town planners now avoid them like the plague. In very grand parks, they exert the same sort of spell on deer. *Conkers fall before deer like* manna from heaven: I have seen whole herds bounding and fighting like schoolboys for the sake of falling chestnuts. Deer *eat them raw and somehow* digest them with pleasure.

There are two ways round the conker-trap: Aesculus baumanii *has double white flowers and no* conkers while the hybrid Plantierensis has pink-flushed flowers and is sterile. White-flowered horse-chestnuts are incomparably the prettiest type, so my vote always goes to baumanii wherever there is room for it. Elsewhere, *Plantierensis is not so enormous* and the pink flush on its flowers is not especially strong.

Avoid Aesculus carnea, if you can: its flowers are a reddish pink and it conkers abundantly. In the English landscape, candles of white flower on green trees are much more effective than *rosy-reds and sickly pinks*.

Why do some horsechestnuts appear to flower much later than others? The huge white varieties flower in late May, but a month passes and then some pink-white chestnuts turn up, following the giant's footsteps.

In fact, they are a different variety from quite a different area. *It took two centuries of* research and guesswork to trace the early-flowering white forms to their localised home in *Greece. At first,* gardeners thought that they must be Eastern trees because they had come to England through Istanbul. In the 1850s, an Eastern chestnut did turn up but it was quite distinctive.

The Indian chestnut Aesculus Indica is at home in the distant Himalayas and is a lovely tree which we often forget. It is about half as tall as the Balkan varieties and will resist all but the slightest frost-damage. There is one little trick to it. It flourishes only on well-watered soil, moving slowly if the ground *is too dry and too hot at the* roots. The flowers are white with a slight pink marking. It conkers, admittedly, but it is an essential pair to the early whites as it prolongs the season into July.

Do please space your chestnuts very wide apart: at least 30 yards should separate the tall whites, and 20 yards the Indian varieties.

So what, you may think, because your garden is much too small for a horse-chestnut anyway? Evidently, you do not

know the unusual shrubby chestnut, Aesculus parviflora which flowers in the horse chestnut manner as late as August. About 10 feet high, it suckers controllably and makes a spreading clump up to 15 feet wide. It has short white plumes of horsechestnut flower and the typical autumn colour of its big relatives. It is not a conker-dropper, and I like it in natural and wilder *gardens where the* grass runs out into an orchard or a less controlled area. It is probably too big for many front gardens, although the side-branches can be pruned. Flowering shrubs are scarce enough in August, but this unfamiliar chestnut is a godsend.

It shows once again that it pays to hunt around before accepting the first old chestnut *thrust* at you by any nurseryman.

Robin Lane Fox

Glasshouse cut like a jewel at Kew

EXCITING things are happen*ing at Kew Gardens. The old* Palm House, built in 1848, is now reduced to a skeleton as it undergoes a massive renovation. It looks and sounds more like a steel foundry than a plant house yet the gardeners confidently hope to be replanting it next year.

Not far away, beside the rock garden, the Princess of Wales Conservatory is complete and replanting within it has progressed so fast that the royal opening has been brought forward from September to July 28.

Most astonishing of all, the Kew authorities do not seem to realise that they have created an architectural masterpiece. *They certainly did not intend* that 15 years ago when they commissioned the Directorate of Civil Administration to under*take a feasibility study for the* replacement of 26 ageing and heterogenous glasshouses known as the T-block, by one purpose-built structure which would be more economical to maintain.

Unlike the much-admired Edinburgh Plant House, it is not suspended on cables from exterior gantries but is supported on interior columns like any conventional greenhouse. There are *no* fancy curved roofs or domes, in fact the basic form is the familiar span roof with all slopes identical at 26.5 degrees

The T-block at Kew: "a fabulous assemblage of planes"

and orientated in the conventional way east and west.

The vertical walls face north and south and all this was determined by the practical considerations that it was the way to get the maximum benefit from sunlight in winter without too great a risk of trapping excessive heat in summer.

*All, you will see, very com*monsense stuff but what Gordon Wilson has produced is a fabulous assemblage of planes *which at the north end* build up steeply from a single span to maximum height, width and complexity from which the shining metal boiler flues emerge like a group of giant organ pipes, and then descend and narrow much more gradually to another single span at the southern end. As one walks around this complex structure there is a constantly changing play of light on these multiple surfaces, as from a well cut jewel. Even from a distance, seen through the trees, it is arresting. Close-up, I find it completely absorbing.

The inside is also visually exciting though not quite so original. But at Kew the vistas seem longer and more complex than *in Edinburgh, due mainly to the* frequent changes in the width of the interior and the way in which the various areas are in*terlocked. All this has given* great scope for imaginative contouring of the land so that one mounts steadily to a peak among the tropical ferns and then looks down on Victoria regia flaunting its giant leaves in the pool of the aquatic section.

This great building covers more than 5,000 square yards. It is subdivided into numerous sections, each with its own climate, by vertical walls of glass which divide it without greatly *impeding the views. As one* walks through it one also becomes aware that the economical device of siting the warmest *areas in the centre is also good* for amenity since, whichever end one enters the building, it is into temperate conditions and *one has time to acclimatise as* one progresses towards the tropics. It seems quite appropriate, also, that, having attained the rain forest, one should look down on the desert.

Though the official opening is in July the public can already go into all those sections in which planting is completed and that now means almost everywhere.

In this house, as in the very modern glasshouses of the Eric Young Orchid Foundation in Jersey, humidity is accurately controlled without making anything actually wet. This is done by using mechanical humidifiers which break water into such minute droplets that they are immediately assimilated by the air. You may hear a machine hissing and stretch out your hand towards it but there will be no moisture left on the skin. This method is very economical of water and heat, since it takes a lot of warmth to evaporate water, and it is also *good for plants, few of which* enjoy having dripping leaves.

In the past decade, Kew gardeners have discovered that glasshouses can be operated successfully at temperatures well below those formerly regarded as essential. Even the tropical sections in the Princess of Wales Conservatory are heated only to 15 deg C. (60 deg F), though sun heat may be allowed to push it much higher *where welcome. For a few plants* extra warmth has to be provided so the water in the tropical pool is raised to 22 deg C *(72 deg F) and so the soil for* at least one desert plant is kept at the same level. It is so hot by day in its native habitat that the lizards that share it have to keep lifting their feet to prevent them being burned. Such local heating could be used in much less elaborate surroundings.

Arthur Hellyer

Gym will fix it for City gents

IT IS *barely light at 7 am on* a weekday morning in the City of London as a small group of people gather under the railway arches at Cannon Street station.

These are not down-and-outs huddling together for warmth against the early-morning chill. They are well-dressed businessmen and professional people waiting for the doors of their club, Cannons, to open.

They have not come to eat, drink, do deals or make contacts. Some have come to play squash; others to swim a few lengths in the indoor pool. Others will be trying to keep fit or lose a few pounds in the gymnasium. Most will be aiming to arrive refreshed at their desks within the hour, ready to cope with the hard day ahead.

Cannons is a sports club with *4,000 members and 300 waiting* to join at any one time. It is just one of a number of similar privately-run, members-only clubs to have sprung up in the City in the past few years. Other workers in the Square Mile have the benefit of in-house squash courts, and sometimes gymnasiums, provided by their companies.

Coopers Lybrand, the accountancy group, has two squash *courts at its Bloomsbury Square* office; Barclays Bank has two in its offices at Lombard Street; British Petroleum has two courts and a multi-gym at its Moorgate offices; and Morgan Guaranty Trust, the American bank, has a small gymnasium in its office at Angel Court.

Other companies, like merchant bank Morgan Grenfell, have taken corporate membership in private sports clubs like *Lambs, which is run by Mike* Corby, a former Lloyds insurance broker and once Britain's top squash player. He also captained England and Great Britain at hockey, taking part in the Tokyo and Munich Olympics in 1964 and 1972.

Corby opened the City's first squash club, London Bridge Sports Centre, in June 1974 and now owns five sports and leisure clubs in the City. He will soon open a sixth, Cottons, in St Martins Property Corporation's 1.8m sq ft London Bridge City office development on the south bank of the Thames.

Corby says: "When I started, there was almost nothing. There *were just seven squash courts* in the whole of the City and I owned three of them. Now, there are around 140 of them within a mile and a half of the Bank of England, including in-house courts owned by companies.

"It was more by luck than judgment that I opened my first club in the City. I wanted to run a squash club and the site under the arches at the northern end of London Bridge was the first one that was available. But once we had started, it became very apparent that the market was going to expand.

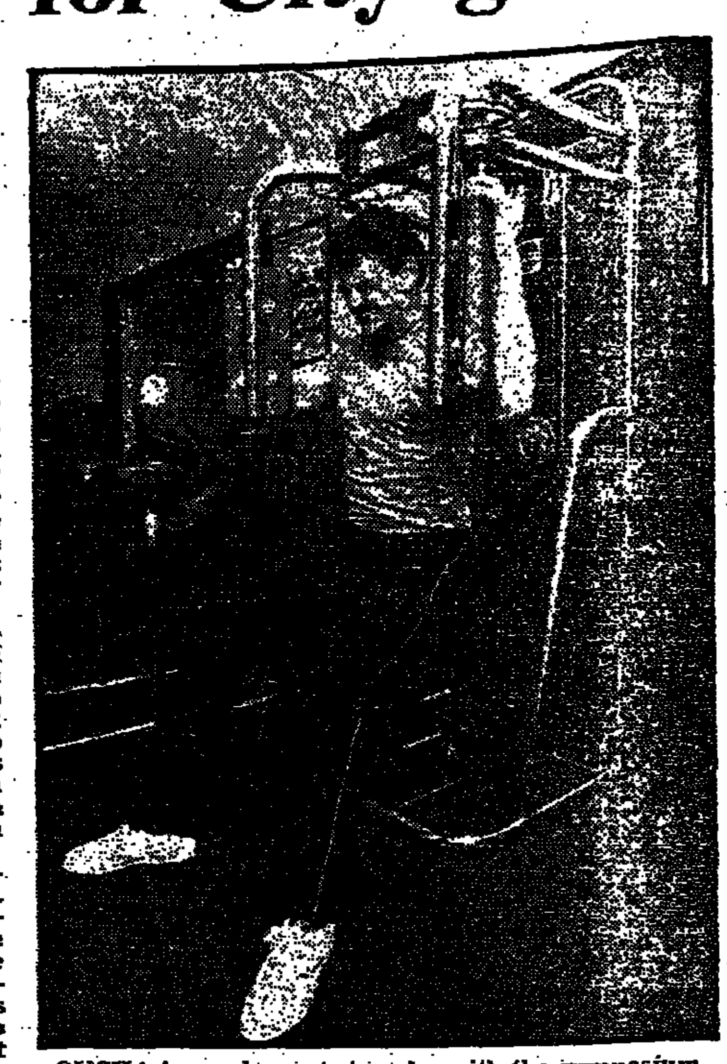
"The City during working hours has one of the densest populations of anywhere in the world — yet people who were interested in sport and fitness had nowhere locally to go. The nearest sports and squash *facilities were mostly in the* West End. It could take half an hour to get there in the lunchtime traffic."

Not everybody recognised the potential of the market. Corby had to struggle to raise the finance to build his first club but eventually negotiated an unusual loan agreement with a National Westminster bank manager, who advanced the money according to the number of members on the club's books.

"Before building work was completed we had 500 paid-up members," says Corby, whose clubs now have *a total of 6,500.* When Cottons is included, Corby's clubs will offer City workers a choice of 26 squash *courts, five gymnasiums,* eight saunas, eight solariums and a 25-metre swimming pool as well as restaurants and bars.

However, with more companies offering in-house squash courts and sports facilities, he fears that some clubs could start feeling the pinch. "It costs a good deal to run a club with the best facilities and modern equipment. Already, two clubs have run into finan*cial problems* and had to be rescued."

The Cousin Lane Sports Complex, now renamed Cannons and Corby's biggest rival, ran into problems early in the 1980s. It was saved by Jack Chia, a Taiwanese business man who bought it in 1983 and has spent about £1m modernising it. The club has its own professional squash team,



OUCH! A member gets to grips with the gymnasium at Lambs

InterCity Cannons which is sponsored by British Rail and includes New Zealander Ross Norman, the world champion.

Gary Oliver, Cannon's 35-year-old general manager, says: "Many people in the City have extremely stressful jobs, working long and difficult hours. They need to have somewhere close where they can get away, even for half an hour, to recharge their batteries.

"*Since the markets started* opening earlier, we find we have more people wanting to use the facilities early in the morning *before they go to work. We find* our peak hours are from 7 am to 9 am, at lunchtime between 12 and 2.30, and in the evening between 4.30 and 9.30."

Typical of the members is Fredy Strebel, a 32-year-old bond dealer and associate director of Merrill Lynch in Finsbury Square, who starts work at 7.30 am. He belongs to Lambs and tries to play squash at least twice a week.

Strebel says: "I find that doing some kind of physical exercise, even for just 30 minutes, is very important in this kind of work. It reduces stress, gets rid of unwanted aggression, and makes me feel more alert and better able to cope with my job."

Andrew Taylor

CHECKLIST

THE CITY GYM HEALTH CLINIC, New Union Street, Moorgate EC2 (01-628 0786). Men are welcome on Monday, Wednesday, Friday and the mornings of Tuesday and Thursday; women on Tuesday *and* Thursday afternoons from 12.30. Open 9.30 am to 6.30 pm Monday, Wednesday and Friday and *8.00 to 6.30 Tuesday and Thurs*day but not at weekends. Annual membership: £200 men, £120 women.

GYM 'N' TONIC, 256 to 260 Old Street, EC1 (01-251 0010). Open 7.30 am until 9.00 pm weekdays and 8.00 am until 2.00 *pm on Saturdays. Annual mem*bership: £300 plus VAT or £500 plus VAT for couples. One of the few clubs with a swimming pool and there is also a gym, jacuzzis and saunas. No children.

PRESS UPS STUDIO, Clan House, 19-21 Tudor Street, EC4 (01-583 0269). Open 10.00 am until 7.45 pm. Membership costs £40 which includes use of sauna and showers; all classes, treatments and training are extra. Groups of over six from the same company can join at a reduced rate.

AEROBICENTRE, 125 Houndsditch, London EC3 (01-626 6936). Open 8.00 am to 8.00 pm Monday to Friday. Daily membership £1, annual £35, plus £2.50 for a 45-minute class in ballet, keep-fit and pre-ski exercise, etc. Also gymnasium and sauna.

FLAMES HEALTH CLUB (01-265 0862). International House, St Katharines Way, St Katharines Dock, E1. Full membership £275 a year. Open 8.00 am to 8.00 pm weekdays and 9.00 am to 1.00 pm weekends.

LAMBS SQUASH CLUB, 1 Lambs Passage, Chiswell Street, London EC1Y 8LE (01-638 3811). Open 7.15 am until 11 pm weekdays, 10.00 am to 2.00 pm weekends. Full membership £200 a year. Special coaching available.

CANNONS, Cousin Lane, London EC4 (01-283 0101). Open 7.00 am to 10.30 pm weekdays, 10.00 to 7.00 weekends. Diamond membership £550 a year—this includes such extras as *laundry. Physiotherapy* available.

COTTONS, Hay's Wharf, Tooley Street, London SE1. *Opening in June.* Ring membership secretary at Lambs (01-638 3811) for details.

SLIM JIM'S, 1 Finsbury *Avenue, London EC2 (01-247* 9982). Open 7.00 am to 9.00 pm weekdays, closed weekends. Primarily a men's club with women allowed only at restricted times. £220 for men and £190 for women, both plus a £30 enrolment fee. Squash, badminton and gym available.

CENTREPOINT GYM, Centrepoint, London WC2 (01-240 6880). Open 8.00 am to 9.00 pm weekdays. 12.00 pm to 6 pm Saturdays. Men only. Membership £275 a year including gym, sauna, jacuzzi, showers, soap and towels. Sunbeds are *extra.*

LONDON BRIDGE SPORTS CENTRE, off Swan Lane, London Bridge EC4 (01-623 6895). Open 8.30 am to 10 pm weekdays: membership allows use of Lambs at weekends. Full membership £140 (which entitles the holder *to all facili*ties) plus £25 joining fee.

SPITALFIELDS SPORTS CENTRE, London Fruit Exchange Building, *Brushfield* Street, E1 (01-247 9786). Open 8.30 am to 10 pm weekdays; members can use Lambs weekends. Membership £150 for all facilities, plus £25 joining fee.

CUTLERS SQUASH RACQUETS CLUB, 9 Devonshire Square, EC2 (01-626 3161). Open 8.00 *am to 10.00 pm weekdays,* members can use Lambs weekends. Full membership £275 plus £25 joining fee. Modern gym con*tains latest Universal* and Nautilus apparatus.

Lucinda de la Rue

Up from Down Under

THIS HAS become the time of year when very large, comprehensive tastings of new world wines take place in London: Australian, New Zealand and Californian. A decade or so ago *it would have been inconceivable* that 77 different Californian, 41 New Zealand and, on 21 importers' stalls, an uncountable number of Australian wines, should present themselves on offer to the British wine market; and all within two or three weeks.

It seems that they are meeting with some success. In 1985-1986 Australian imports here more than doubled to over 1.3m hl, the *Californias,* after a set-back in the period of the high dollar, seem to be recovering ground, while New Zealand, probably the latest entrant on to world markets, is gaining at least limited admission into our very competitive market.

For although more wine is being drunk here every year, this is owing to more people drinking wine rather than a rise in per capita consumption. Con*sequently these new world* wines must be considered more as alternatives than supplements to European wines, particularly to French and German ones.

However, although those unfamiliar with these "new" wines may have to change their sources, usually they will keep to the same grapes. For a feature of these three tastings was that, with the exception of California Zinfandel and the occasional New Zealand Pinotage, all the wines were made from European grapes: Chardonnay in particular, but also Cabernet-Sauvignon, Shiraz, Sauvignon, Riesling and one or two others.

Some are even blends (such as Cabernet/Shiraz) that would make a Frenchman wince, but *in fact* Penfold's Grange Hermitage from Adelaide and a blend of 95 per cent Shiraz and 5 per cent Cabernet-Sauvignon is arguably Australia's best red wine — and the most expensive too.

The opulent, deep-flavoured '79, resembling a mature Hermitage, is unlikely to cost less than £25 a bottle here. But this is an exceptional price for *an exceptional* wine.

These "foreign" Chardonnays, Cabernets and Rieslings are strong competitors in price with their European originals. Sainsbury's, for example, is now selling an Australian Shiraz/Cabernet and a Rhine Riesling for £2.35 apiece; though such *prices are not typical either, for* these new world wines reckon to sell as much on quality as on price, and to compete also with fine clarets, white burgundies and superior German wines. Just because wines come from Down Under, consumers must not expect the finer examples to be "given away."

An advantage that many single-vineyard new world wines have is that they mature more rapidly than their European rivals. This is largely owing to warmer climates that often lead *to higher alcoholic* strength. This is immediately more attractive, as it rounds out the wine; but it can also be very tiring on the palate, and the second glass may be less inviting. At the California tasting I sampled 18 Cabernet-Sauvignons, most of them above the normal 12-degree level of red Bordeaux. The famous Heitz Martha's Vineyard '79, a rich, round, welcoming wine, was 13.5 degrees, and my favourite of them all, Trevethen '82, a not-too-big-flavoured, fine claret-style wine of distinction, was 13 degrees. These wines, incidentally, would cost here £25-£30 and £8 a bottle respectively.

Although the finer new world wines may mature more rapidly than the European, they are often drunk too young. Few of us when we buy at opening-offer stage the latest Bordeaux or Burgundy vintages expect to drink the wines as soon as shipped, but in Australia and California a kind of well-publicised starter system is operated. When a wine is signalled as just "*released*" *many* drinkers assumed that it is high time to draw the cork. Yet most vintage wines of class,

Wine

whatever their origin, improve with bottle age.

At these three tastings I concentrated on the Cabernet-Sauvignons. Generally, it seemed to me, the Californias had the edge, partly because the average age of their vines may be higher, though we are talking only about a span of 15 *years or so. The Australian* and New Zealand wines tend to have a certain sameness.

As these were trade tastings, *it is impossible to give the* names of those retail merchants who might have decided there to buy and sell the wines; and *only where stockists were given* are more than approximate prices possible.

At the Australian tasting, *appropriately held adjoining the* ground at Lords, among those I picked out were Seppelt's Reserve Bin 1980 (£4.65 *Eldridge Pope, Dorchester*), a well-developed wine now at its best; Mount Helen 1983 (about £7, Fortis Ltd, Milhouse Lane, *Sheffield*), *a promising wine* still to develop; Lindeman's St George Coonawarra 1984 (about £5) round, attractively fruity, from a distinguished district; Hill-Smith 1983 (about £4) an attractively oaky Barossa Valley wine with 20 months of French-oak aging; Orlando St Hugo, Coonawarra 1983 (£5.25) with a fine aroma and real claret-style; Petaluma 1982 (£8.50 Geoffrey Roberts, *19 Charlotte* St, London W1), a wine to keep, from a distinguished South Australian vineyard; and Rosemont Hunter River Reserve 1983, (£6.75). These and other estate wines indicate that there are Cabernets as well worth looking for in Australia as in France. The most comprehensive importers are Geoffrey Roberts, and Avery's of Park *St, Bristol.*

Hitherto, New Zealand's mostly very young vineyards have produced more successful *white wines than red, but the* Cabernet-Sauvignons shown this year were generally better, though sometimes very tannic. The one that stood out for me was the Smith estate Matua Valley '85 matured in new French oak casks, with a very big colour, rich nose and real depth of flavour. At £8.50 it is obviously not cheap, *but less* than a French wine of comparable quality. Others that showed well were the Wairau Valley '81 (c. £7.50), aged, unusually, in American casks, and with a rich aroma and a soft, ready-to-drink taste; Marlborough '82 (c. £6) a big-flavoured wine with a lot of colour which deserves keeping, and Nobilo '83 (c. £6), a soft wine without much tannin and ready for drinking now.

The well-publicised blind tastings between French and new world wines, in which the former come out comparatively badly, are unfair because they take longer to reach their best, but on quality combined with *price they certainly face com*petition from wines unknown on world markets less than a generation ago.

Edmund Penning-Rowsell

Ewe, ewe and ewe

MY FLOCK of ewes starts lambing officially tomorrow, March 1. So far the ewes have come through the winter in good order.

It all starts on October 1, when the ewes are introduced to the rams for the first time. Our aim had been to have the ewes in good thriving condition at mating time, and probably putting on weight. This seems to ensure a good ovulation and a heavy lamb crop.

We leave the ewes with the rams for a total of three ovulations, and put coloured markers *on the rams so* that we can sort the ewes into flocks whose lambing dates coincide.

After mating it is important to make sure that the ewes stay in good condition for the first two months of the five-month pregnancy, and then gradually to *increase their level of feed* to compensate for the drain which the growing embryo lambs put on the ewes' metabolism. Failure to do this can result in a condition called pregnancy toxaemia, commonly called "twin lamb disease." It frequently appears after a fall of snow or some other break in feed supply.

Fortunately this last winter has been one of the best for feed that I can remember. When the snow came in January the ewes took to hay and concentrated feed very well; we actually only had two—out of some 1,100 ewes—affected by twin lamb disease.

The other serious risk is failure of the farm's water supply. A ewe is well protected *from cold, and* will stand nearly any degree of it. But should there be a hard dry frost without snow (from which the ewes can pick up moisture) they will soon dehydrate and lose condition. I learnt this the hard way many years ago, and during the frosts last January on the farm, one man spent every working moment thawing out water pipes.

Country Notes

I do not house my ewes, but an increasing number of farmers do. It is certainly easier on the shepherds, but keeping too many sheep together exposes them to threat of infection from a number of diseases, both of ewes and new-born lambs. There is a particularly *nasty ailment* called watery mouth. It can affect lambs as soon as they are born, and is very difficult to control. I never *saw it until we began* to bring ewes into sheds when they were on the point of lambing.

So I usually lamb the ewes *in sheltered fields.* One of us stays with them during every daylight hour, catching problem families and bringing them *in. Of course if the weather is* dreadful we can bring them in *en masse* into our now empty grain stores. But this means *that the ewes must be watched* through the night as well, in order to avoid the lambs getting mixed or mismothered.

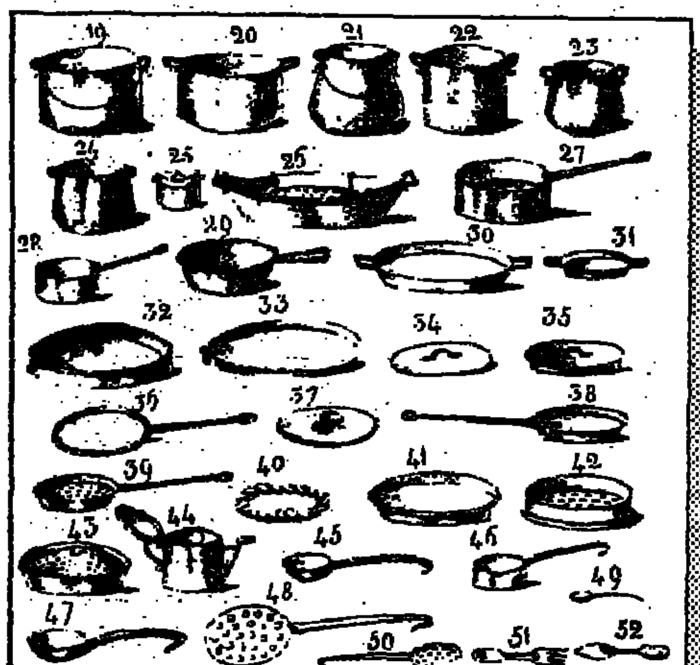
Although the ewe is perhaps the best and most jealous of mothers, she is also the most difficult to persuade to take to another ewe's lamb — even to her own if she is not in the mood. A sow, by contrast, will allow endless liberties without so much as a grunt.

In the last days of February all looks fairly promising. The ewes are still looking very well; their udders are *filling nicely.* There have been no more than a dozen casualties, mainly miscarriages and problems characteristic of the lambing *period;* about par for the course. But there will be a lot of hard work and worry over the next few weeks.

I remember that statistics show that 10 per cent of any lambing flock will fail to rear lambs. Of these, 4 *per cent will* be barren, 4 per cent will die over the year, and 2 per cent will fail because of sheer bloodymindedness.

A daunting prospect. Yet in spite of this, the sight of a field full of lambs in the spring is one of the *most satisfying on* earth to the farmer.

John Cherrington

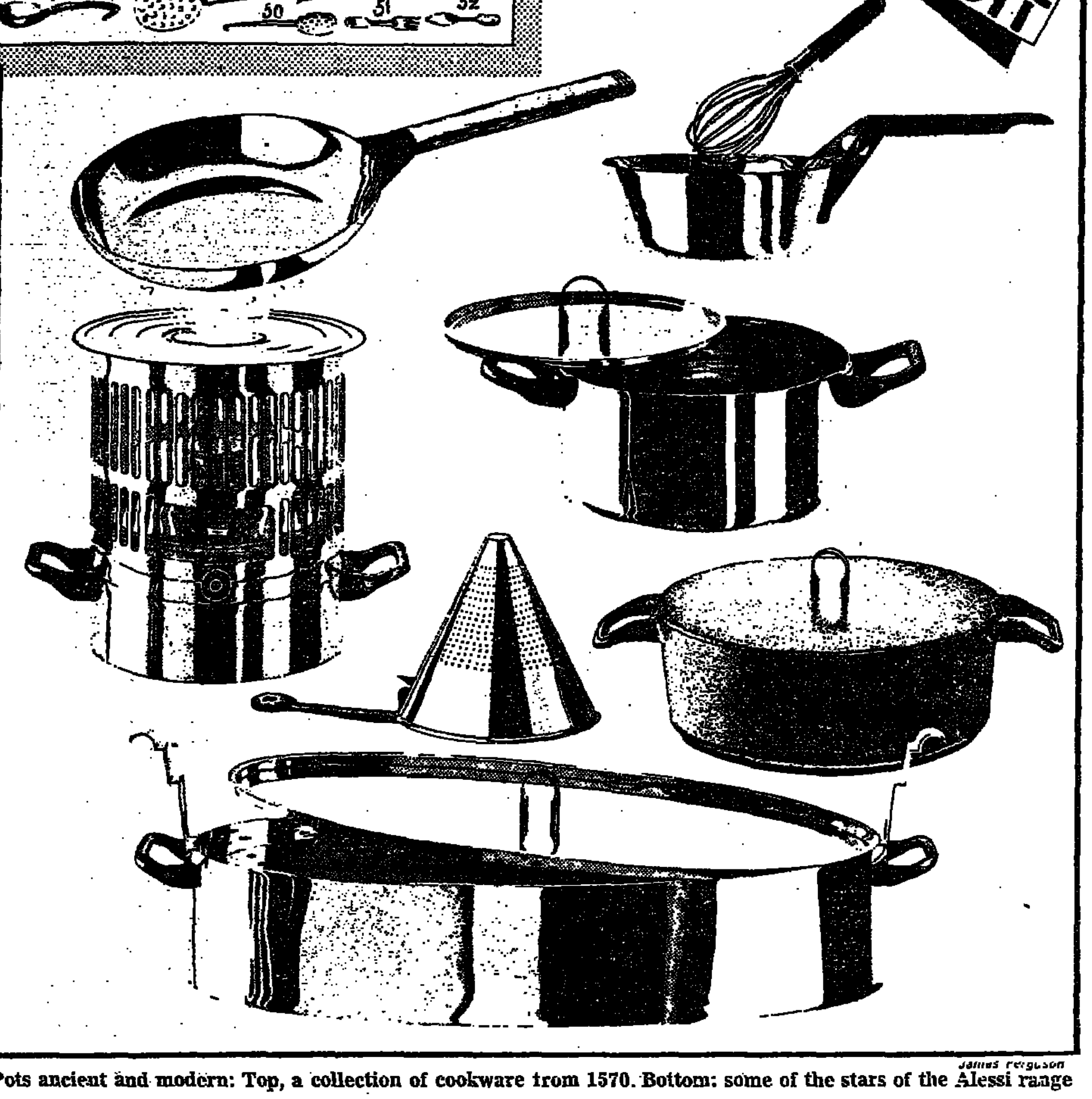


Top of the pots

When nothing but the best will do: equipment to make every foodie drool

Lucia van der Post

HOW TO SPEND IT



James Ferguson

Pots ancient and modern: Top, a collection of cookware from 1570. Bottom: some of the stars of the Alessi range

LAST YEAR when I wrote *about a pasta cooker costing* £97.50 there was some huffing and puffing among more puritanical colleagues. What, they muttered, was wrong with a large saucepan? Nothing much, to be truthful, is wrong with a large saucepan, but it's a bit like comparing a friendly old banger with a sleek new Porsche.

One will get you from A to B but its performance may fill you with anxiety, it isn't strong on aesthetic pleasure and you are not likely leave it to your children in your will. The other will give you tip-top carefree performance, will look wonderful and cost the earth.

The pasta cooker was the forerunner of a group of what might be called precision-cooking instruments; finely wrought, beautifully made, lovely to look *at and (alas) so expensive to buy* that you really ought to name them in your will. If you do bring yourself to invest in them, they *will certainly outlive you* and, probably, the next generation as well. You could say that they are to cooking what *Chippendale is to furniture.*

It all started when Alberto Alessi, one of the inspirational forces behind the Italian company *Officina Alessi*, decided that there was a gap in the cookware market. Nobody, he felt, was catering properly for serious private cooks — the foodies, if you like. Manufacturers had been producing cooking utensils based on long-accepted assumptions that nobody had seriously challenged.

For instance, stainless steel is so widely used that it had become conventional wisdom *that this was the ideal material.* In fact, stainless steel ("born," as the Italians charmingly put it, just after the second world *war when it became accessible* and thus inexpensive) is a poor conductor of heat, though it is hygienic, easy to clean and strong. Cookware designers had been relegated to adding unity of style rather than thinking the thing through to first principles.

Alessi decided he needed a whole range of expertise to tackle this modrn problem. He first brought in Richard Sapper, a distinguished British designer working in Milan. Then he called in gastronomic experts and it would be hard to imagine a more distinguished collection.

From France came Alain Chapel of Mionnay (for Chapel's sauces foodies will cross *oceans); the brothers Troisgros* from Roanne (the original creators — or perpetrators, depending upon your point of *view — of nouvelle cuisine)*; Raymond Thuilier from Les Baux en-Provence; Roger Vergé of Mougins, the high temple of *Provençal* cooking. From Italy came Angelo Paracucchi, also renowned for his Mediterranean food; and a famous Milanese chef, Gualtiero Marchesi.

It soon became clear that if each piece of equipment was to be asbolutely right, a variety of materials would have to be used. Stainless steel (as we have already observed, a poor conductor of heat) was perfectly appropriate for the stock pot (usually used for boiling water or liquids), the colander and the conical sieve, and for lids, handles and knobs. A special laminate of very thick copper (which gives almost perfect heat conduction along the whole surface of the pan) and a thin layer of stainless steel on the inside (for easy cleaning) was required wherever temperatures needed to be precise and *controlled. So we find this in* the manufacture of the casserole, cassolette and *sauteuse* used respectively for say, risottos, sautéing and sauces.

Thick black steel was used for *the frying pan* and the egg and crêpe pan because this distributes high heat evenly and fast. Finally, very heavy cast-iron was *decided upon for the oval* casserole, described by Alessi as "the prince of utensils for slow cooking." The cast iron helps to ensure the steady, moderate heat that good slow cooking needs.

The range of cookware has been unified visually by simplicity of line, by details like the knobs and handles, and by *its severely functional approach.*

Almost every piec ehas refinements which contribute to its success. The egg and crepe pan, for example, has the sloping sides that help a cook to roll an omelette or a pancake. The two-handled casserole has handles which turn downward, *and a perfectly* fitting lid. (This may sound simple, but how many casseroles with a perfectly-fitting lid do you own?)

Antonio Carluccio, the chef at the Neal St Restaurant in London's Covent Garden, author of An Invitation to Italian Cooking (Pavilion Books, £14.95), has tried out some of the range. He *likes particularly the oval* cast-iron casserole. "Ze lid closes perfectly, ze handles are turned down so you don't burn *yourself with the vapour* — this is small but clever. I cook lamb with chicory in it or I do a braised meat and it is perfect — *all the juices and flavours* are kept in.

"I also like ze little *saucière* — I've never found a better one. Not one dropful more than necessary do you lose when you pour. I cooked a caramel sugar which must be very hot, and the copper retains ze heat wonderfully and keeps it in very perfect condition.

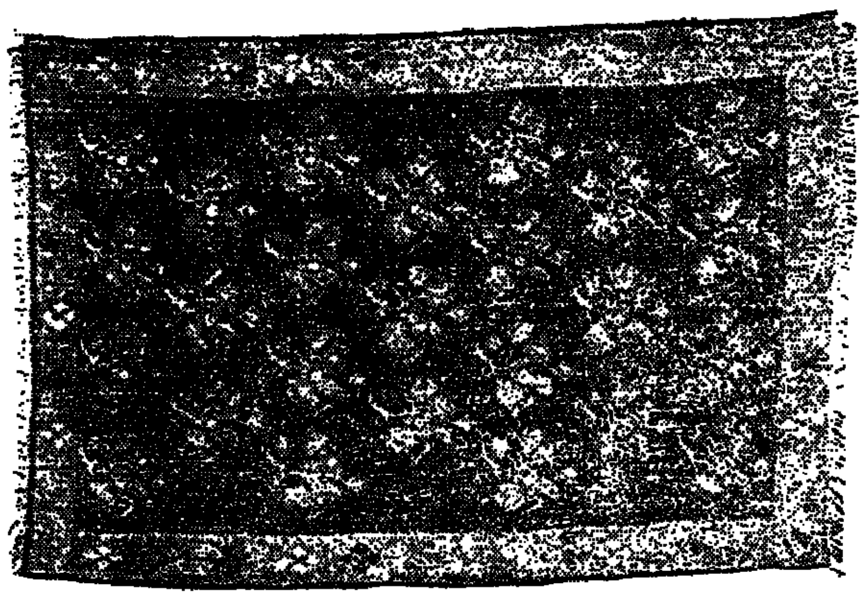
"The one thing I do not think is perfect is the cassolette. It doesn't balance per*fectly when it is empty because* of the handle. But when you add some food it does balance.

"I do think it is extremely expensive, but it gives a much bigger pleasure. I like the look of it very much and I suppose one can leave it in his will."

He is right. It is expensive. It is not for the cook who cooks casually or occasionally. It is for the cook who minds about getting things right and is prepared to invest in the kind of equipment that will last several lifetimes and never need replacing.

Prices start at £25 for the *black iron* frying pan and rise on up to £285 for the fish kettle. The flame-lamp (for such delights as crêpes, finish*ing off pasta dishes, cooking* miniature escalopes) is £195; the flambé pan is £115. The oval cocotte or stewpot with lid is £68.50, the low casserole with two handles is £99.50. For thet moment the range is stocked only at The Conran Shop, 77-79, Fulham Rd, London SW3.

Many of the pieces are there now; the full range will be there in three weeks' time. Pieces can be posted to out-of-London readers, but the postage is high because they are heavy.



TODAY IS the start of the last week of Graham and Green's spring carpet bazaar. It has in recent years become a popular annual event and many rug-fanciers wait for the spring sale to add to their collection. Though there is usually an attractive selection of kelims available, this year is particularly interesting for those who like the flowery kelims. There really are some exceptionally pretty ones.

Don't be put off by the fact that it is the last week of the sale. Antonia Graham tells me there are lots of rugs left — partly because she bought twice as much as usual and partly because she got half as much publicity as usual!

An added attraction of the Graham and Green sale is that if you leave a payment you will be able to take rugs home and try them out *in situ*—if you don't like it, bring it back and change it. Graham and Green is at 4 and 7 Elgin Crescent, London, W11. Prices range from £100-£650.

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LONG, SLIM, Panatella-shaped, the Caprice Viennese wafer is infinitely more seductive to a non-smoker like me than any *cigarette.* It is also a lot more fattening. Filled with cream of hazelnut and chocolate the Caprice wafer is a Greek delight, long known to tourists but unavailable until very recently over here. A more delectable accompaniment to a home-made ice-cream and a glass of sweet Sauterne than any of your standard wafers, it comes well into my category (a very very small category I assure you) of Things Worth Getting Fat For. You buy them in nice round fat tins, they cost £2.00 for 400 grammes, and you can find them in some Sainsbury's stores, in Harrods of Knightsbridge (which will post them for an extra £2.25), Fortnum & Mason of Piccadilly, London W1, Binns in Newcastle, Rackhams in Birmingham, Kendals in Manchester.

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IF YOU have got a wedding or any other grand occasion coming and *nothing* but a matching silk shoe will do then Lisa Sharpe is the woman for you. She started out in silk shoes when living in Hong Kong with her army officer husband—like many an expatriate before her, she fell in love with the range and variety of Chinese silk.

All her shoes are made in Hertfordshire and if the price seems high (about £120 a pair) remember that each is made to measure by hand, high-quality silk is used, and the craftsman spends five days on each pair.

She now offers 44 different silks and brocades and is much in demand for matching shoes to wedding dresses. Orders take about three weeks.

Write to her at London House, Old Court Place, 26-40 Kensington High Street, London W8.

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YOU DO not have dimmer switches and you want a softer light in certain areas? Try the Philips new light bulb, the Softone. Use it instead of your ordinary bulb and you will find it much more diffused and gentle. It comes in 40W, 60W and 100W bayonet cap fittings and the gentleness is achieved by means of a special coating on the inside of the bulb. Not the bulb to read by but excellent for soft light. Ninety-nine pence buys a twinpack in most lighting store and departments.

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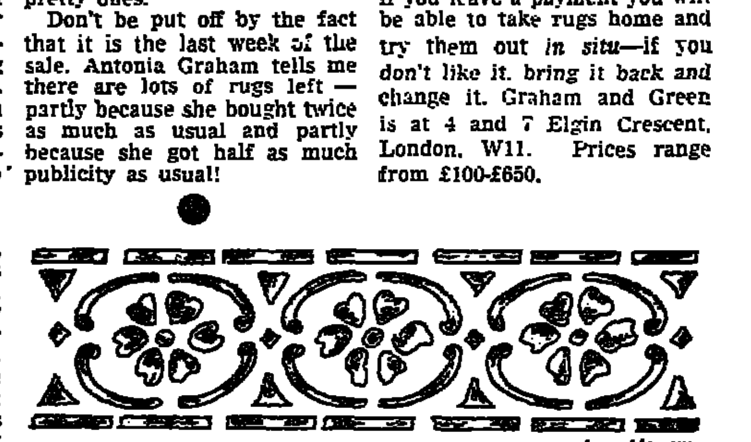

Anne Morrow

IF YOU have ever wanted to try your hand at the ancient art of stencilling (the first stencils, Carolyn Warrender tells me, were made from animal skins, and the ancient Chinese used stencils to portray the Buddha in his many guises), now is perhaps the time. It has long been a folk craft, beloved of the poor who could not afford the expensive wall-papers of the rich and fashionable; but today it has, paradoxically, again become the preserve of the rich who alone can afford to pay craftsmen for their time-consuming skills.

If you do not have that sort of money, at least it has never been easier to learn to do it for yourself. Kits and instruction booklets abound, paints have become almost foolproof, and there is a host of inspirational material around to get even the laziest among us up and doing.

If you feel like trying your hand, Carolyn Warrender—who *runs a ravishingly pretty shop* filled with stencilled delights in Chelsea, west London—has just brought out a mail order cata*logue that turns out to be the* Elizabeth David, you might say, of the stencilling trade.

Besides its sheer prettiness, the catalogue offers lots of sensible advice and, more importantly, sells some of her own stencilling aids, developed and improved by her after years of practising the craft.

There are stencils which are transparent (to allow you to see what is happening underneath and if the repeats are properly lined up or the paint is running). There are her own paints, which are fast-drying and come in a consistency all her own to give an instant professional shaded look. And there are brushes specially devised for the "dry brush" techinique she recommends.

She sells exclusively some American stencil designs and has developed her own range called Architextures, a range of rather geometric borders, dados, swags and motifs.

If you want to start you could hardly do better than either ordering the catalogue (£1 from Carolyn Warrender, 1 Ellis Street, London SW1) or visiting the shop in person.

Legal Notice

No. 00333 of 1987
IN THE COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
UNITED GUARANTEE (HOLDINGS) PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 2nd February 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the Company.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 9th day of March 1987.
ANY creditor or contributory of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of the said Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.
A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.
Dated this 25th day of February 1987
CLIFFORD TURNER
Blackfriars House
19 New Bridge Street
London EC4V 6BY
Ref: RWC/
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Food for Thought

Songs for unsung geniuses to sing

Peter Fort argues that chefs who take steps to publicise themselves, their views and their restaurants have an important educational role to play

GLANCING THROUGH the Good Food Guide for 1957-58 the other day I was struck by something very singular. In scarcely any of the terse, to-the-point entries were the chefs of the establishments reviewed actually named. How very different these days, when the name of the chef is frequently held to be as important as that of the restaurant, and very often more important.

If you look at a menu of a modern restaurant, as likely as not you will find the name of the establishment at the top of the page, the date, and then Chef: So-and-So. Only after that will you get to the food.

So what is the objection to that, *you may ask. After* a good deal of examination I have to reply, not a lot. After all, you look for an author's name on the jacket of a book and for a painter's signature on a canvas, so why should an artist in another field go unrecognised, his or her achievements go unsung?

The self-aggrandisement of it all may strike you as unnecessary, but the practice is hardly new Marcel Boulestin's eponymous restaurant was one of the most famous in London before the War, and he was a tireless promoter of his own views on cooking. Careme, Escoffier and Soyer were household names a century before.

But had you asked even the most *gastronomically inclined* English of a few decades earlier who had cooked their *filet Lucullus* at the Mirabelle, or the *St Pierre grille au fenouille* at Prunlers, they would most likely have stared blankly.

Of course, even by 1957 things were changing in France. Fernand Point of the Pyramide at Vienne, who is generally held to be the Great Progenitor of today's culinary ideals, had already died, heaped with honours, Prince Curnonsky, the most celebrated gourmet of his day, had written: "There are people who have crossed the *world to eat one dish chez* Point."

Point was responsible not only for the style of today's haut cuisine, but also for training many of the generation of French chefs who dominate the food guides and the cook books — Bocuse, Guerard, Chapel, Outhier and Troisgros among others. But, while Point may have made himself world famous, his protégés created an international industry. Wittingly or unwittingly—mostly wittingly —they have promoted and marketed themselves with the same passion and precision that they bring to their cooking.

Today's tourists, hungry for higher French culture, hurry to Collonges-au-Mont d'Or, to Mionnay, to Eugenie les Bains, in the same way that once they hurried to Chartres or Orleans or Blois. They are drawn because they have been told in countless magazine articles that Paul, Alain or Michel is the gastronomic institution du moment. The reality — that Paul or Alain or Michel may not have made it back from the promotional tour to Japan, the cook-in in San Francisco or the lectures in London — does *not matter.* The magic of the name lures them on.

It is beginning to happen in Britain. One can think of half a dozen chefs—Blanc, Mosimann, Clarke, Ladenis, Quinn, Little—whose names crop up in restaurant, food and gossip columns with tell-tale regularity. Even television has finally recognised that there is a market for *programmes* about cooking that go beyond the "take two ounces of flour and one ounce of butter" stage. The glorification of our own chefs is under way, and not before time.

Running a *restaurant* is a staggeringly expensive business, particularly in Britain where first class ingredients are at a premium. It is unbelievably hard work and requires, at all stages, a degree of commitment and discipline that few professions can match. Any*thing that encourages* talented people to devote themselves to improving gastronomic standards in a country not over*populated* with *first class* eateries, must be encouraged.

Beyond that, however, the cult of the chef has a larger part to play in helping to raise the standards of cooking on a more general level, and in *making us aware of ingredients* that really taste of something.

A television programme like "Take Six Cooks" with an audience of several million each week provided an inspirational insight into the possibi*lities great cooking offers.* Shortly after the series finished I paid a visit to the Manoir aux Quat'Saisons, and as I entered I passed Monsieur Blanc deep in conversation with two uniformed policemen; they were discussing the technique for turning a hot vegetable mousse out on to a plate.

One's spirit may occasionally *flinch* at the commercial vulgarity of it all. From time to time, you overhear people saying that they did Bocuse Guerard Senderens Chapel Verge Troisgros in the same way that they did London, Paris, Rome, Florence, Bergen. Occasionally, too, the reputation of a chef may be inflated out of all proportion to his or her talent.

This rarely happens, however, due to the demanding and competitive nature of the business, and on the whole the advantages far outweigh any personal sensitivities.

If a restaurant has won a reputation for the excellence of its food, it is only right that *the man or woman responsible* should be recognised. Indeed, the quality of a restaurant may well be better indicated by its *chef than by its own name.*

Malcolm Rutherford on a modern view of a pre-war Tory prime minister

Long innings

BALDWIN
by Roy Jenkins. Collins,
£12.95, 204 pages

"HE IS the head of what is probably the last purely Conservative administration this country will ever see." So wrote the New Statesman of Stanley Baldwin on May 26 1923.

It was not an unreasonable judgment at the time. The Labour Party was on its way up. The Liberals seemed to be by no means finished. It was the Conservatives who were up against it. Yet, as Roy Jenkins admits in his new biographical essay, Baldwin went on to be the dominant British politician of 15 of the 21 inter-war years. Only Asquith, Attlee, Macmillan and—as Jenkins should have acknowledged—Thatcher have had similar staying power as peace-time Prime Ministers this century.

Compliments first. This is Jenkins the writer, the political historian, returned to his best. Baldwin is a far better book than the extended essay on Truman published last year. Although more modest in scale, it takes one back to the pleasures of his biography of Asquith, first published in 1964.

It contains some joys. Baldwin, in his time, made some devastatingly effective speeches. One, lasting only eight minutes, took place at the Carlton Club in 1922 and, in the words of an earlier biographer, "changed the history of England." For Baldwin had come down against the continuation of the war-time coalition and, therefore, against Lloyd George, described by Jenkins as the "most famous statesman of Europe." Baldwin broke him and Jenkins comments perceptively: "The coalition was not really a confluence of parties. It was Lloyd George pirouetting on the large base of the Conservative Party."

Other equally powerful speeches were delivered over the years: notably, the attacks on the press barons, Beaverbrook and Rothermere, for trying to dictate to the Conservative Party. As Jenkins implicitly concedes, they provide the model for his own style of political rhetoric. It was by the "measured and skilful deployment of moderate words" that Baldwin "visibly affected the opinions of a crucial audience." There is a lot of Stanley Baldwin in Roy Jenkins.

There is something else that they might have in common. Jenkins notes that Baldwin was "delighted by the somewhat undeserved honour of the Chancellorship of the University, which was bestowed upon him in 1930, and which he retained to the end of his life." In that case, it was Cambridge. Jenkins is seeking the honour in another place, whether undeserved or not.

And yet it must be quite hard, as a practising politician, to have written an admiring biography of Asquith and then to go on to tackle Baldwin. For the two Prime Ministers did have certain shared attributes. Both of them may have been outstanding leaders in peacetime. Neither of them foresaw, nor did much to prevent, the cataclysmic events that were to follow their earlier triumphs: the first and second world wars respectively.

Any biographer of both leaders must surely take those lacunae into account. You can blame the pair of them for having their eyes too much on affairs at home, or you can seek to excuse them by saying that nobody else likely to be in office foresaw the wars either. But there must be some equality of treatment.

Jenkins is evasive. The closest that he comes to acknowledging that there is an historian's dilemma here is: "Baldwin, like Asquith, was unlucky in having to engage at the end of his career with major events to the handling of which his talents were ill-suited." That sentence carries understatement, even in the style mastered by Jenkins, to unprecedented lengths. They both failed, though Asquith was more culpable than Baldwin because the first world war was more avoidable than the second. It is as though Jenkins, having once idolised Asquith, cannot admit that his first flush of enthusiasm for the great Liberal reforming administration of 1906 might have been excessive and that Asquith had his weaknesses like any other Prime Minister.

The book includes one other extraordinary perversity. Jenkins blames Baldwin for what he calls the "whole highly undesirable evolution of British politics in the thirties" and, on another page, the "damaging decade-long distortion of the political pattern."

It is true that British politics of the 1930s, as was the second half of the 1920s, were dominated by the Tory Party. Yet to blame Baldwin for it, even if you do not wish to praise him, is a most peculiar judgment. It was, after all, the Liberals who fell apart to the point where they almost ceased to be a serious force. And it was the Labour Party which showed in 1924, and again in 1929-31, that it was still not ready to be a long-term government.

What Baldwin did, and did very skilfully, was to exploit the advantages that arose from a divided opposition. Someone whose name escapes me seems to be having a pretty good shot at that in the 1980s.

Baldwin's achievements of course, can be put rather higher. He presided over the extension of the franchise to women, which Asquith did not. He was responsible for the Statute of Westminster which prepared the way for the transition from Empire to Commonwealth. He was sympathetic, when many Tories thought otherwise, to the eventual independence of India. He faced down the General Strike in 1926 without being particularly anti-trade union. He managed the Abdication a decade later: a much more formidable problem at the time than it seems in retrospect.

What he wanted was, in Jenkins's words, a "house-trained Labour Party to redress the balance of the party system which had been upset by the quarrels in the Liberal Party." In the end he got that as well with the restoration of a two party system, which is what Jenkins in his current colours does not like. He did it by restoring the unity of the Tories and keeping his head while, in a line from his brother-in-law, Rudyard Kipling, all the rest were losing theirs and blaming it on somebody else.

If the achievements are insignificant besides the failure adequately to prepare for or to prevent the second world war, so be it. He was still not a negligible Prime Minister, as Jenkins—when he is not being bad-tempered—fully recognises.

No one who said: "The word intelligentsia always seems to me to bear the same relation to intelligence that the word gent does to gentlemen," can have been wholly bad. Jenkins could have said that himself.

Stanley Baldwin: Abdication a formidable problem

Anthony Curtis on confessions of a contemporary creator

Con brio

LITTLE WILSON AND BIG GOD
by Anthony Burgess.
Heinemann, £12.95. 460 pages

A CLOCKWORK ORANGE: A PLAY WITH MUSIC
by Anthony Burgess.
Hutchinson, £5.95. 48 pages

THERE IS only one way to become a writer and that is the hard way. Some writers though have a much harder time turning literary talent into a professional vocation than others. Anthony Burgess, who is now the most prolific English writer of his generation, had an exceptionally hard time which he has set down, no holds barred however intimate, in Little Wilson and Big God.

The book which is only "the first part of the confessions of Anthony Burgess" draws to a close in 1959 with the publication of his early novels set in Malaya where he had worked as a teacher for the British Government, and the time when neurological specialists in London had told him he had about a year more to live.

Their diagnosis happily proved erroneous but it had the beneficial effect of concentrating Burgess's mind wonderfully and stimulating him to superhuman efforts on his typewriter, a sustained burst of creative energy which even now does not seem to have ended. One of its fruits, which ripened soon after the death sentence was pronounced, was the novella, A Clockwork Orange. If we wish to take the story forward into the period just after the false diagnosis we can pick it up in the prefatory word to the newly published play-script made by the author. In the same period as the Orange, Burgess wrote The Doctor Is Sick, Inside Mr Enderby, The Worm and the Ring (a reworking of an earlier draft), One Hand Clapping, The Eve of Saint Venus (an expansion in novella form of a discarded opera libretto).

Burgess's problem as a child seems to have been that he had an inquiring mind with no one around to satisfy his inquiries. His mother, who died when he was two, had appeared as a singer in the northern Music Halls; his father also had musical ability and used to play the piano in the pub run by the lady who became his second wife and who over-shadowed Burgess's childhood. Its other shadow was the Roman Catholicsm in which he was raised.

A natural heretic, Burgess was nonetheless an apt pupil. Apart from his flourishing musical talent inherited from his parents, he was good academically, particularly in languages. He tried Oxford and failed to get into Balliol, and eventually enrolled at Manchester University to study English language and literature.

Burgess has the gift not just of total recall—at times a liability—but of total reconstruction. He well describes the social ambience of pre-war Manchester with its various denominational elements, Catholic, Protestant and Jewish. Even though Burgess had lost his virginity to a WEA lecturer, a widow encountered in the Public Library when he was a schoolboy, as a student he was sexually pretty naive. His education now went ahead on all fronts. In English he had the benefit of lectures from Professor Charlton and J. D. Jump, also F. R. Leavis and L. C. Knights who had not yet migrated to Cambridge; in music he was well able to look after himself playing and composing for student concerts; and in lovemaking he found several female students as biddable and eager to experiment as he was himself.

One of them, a Welsh firebird called Lynne, eventually became his wife, and is the heroine of the book. Burgess seems from the start to have believed in the words of the song that "fidelity was made for other chaps," and that went for Lynne too. Hitler's war in which Burgess served first in the Medical Corps did not help. Burgess gives a classically horrendous account of basic training in Scotland after which they were officially married. On his way to a posting in Gibraltar as a sergeant in the education corps he discovered Lynne, who now had a wartime job, surrounded by lovers and would-be lovers, in the pubs of Fitzrovia. At this point J. Maclaren Ross makes his statutory appearance and we get some vignettes of other less famous habitués of the Wheatsheaf.

It was not until peace broke out that Burgess went to what was then called still the Federated Malay States, but soon to become Malaysia, as a teacher. He took Lynne with him this time, but far from enjoying a pampered colonial lifestyle they found conditions almost as bad as they had been in the army. We are not spared any of their misery. But there is a kind of theme that underlies all the episodes, that of the musician which Burgess was committed to becoming, turning into the writer he did in fact become. That is interesting and unique to him. He has two recurring obsessions, philology and scatology, in other words, the working of the vowels and the bowels. If you can take as much of these as he metes out, then this may well be the book for you.

Anthony Burgess: late starter

Fiction

Thirties man

THE NIGHT WALK AND OTHER STORIES
by Edward Upward.
Heinemann. £9.95. 179 pages.

THIS IS a remarkable book on several counts: the author is in his 80s — well past the age when most writers of imaginative fiction cease to be productive; it is impeccably written, in an austere, classical style beyond the capacity of most living writers, whatever their age; and it is by an avowed Marxist, still faithful to the fundamentalist faith he adopted in his mid-20s.

But Upward is interesting for another reason. In his undergraduate days at Cambridge he was a close friend of Christopher Isherwood (to whose memory The Night Walk is dedicated) and the leading light in a group that included Auden and Spender.

There is a portrait of Upward at that time in Isherwood's autobiographical novel (his most readable book, to my mind) Lions and Shadows. Upward appears as "Chalmers," the name under which he had published his own first novel, The Railway Accident, at the age of 25. This latter book drew partly on a fantastic village, Mortmere, that Upward had invented and that he and Isherwood constructed and populated in imaginary detail while they were undergraduates.

Upward has published other novels since, notably the impressive political trilogy, The Spiral Ascent. But in its best passages, The Night Walk and Other Stories exhibits the qualities of his earliest work: a dauntingly accurate eye for physical detail, particularly of a surprising or even grotesque kind, and a haunting use of English, meticulous, even fastidious, but at the same time highly original and imaginative.

The imaginative effect is often heightened by a device also used by Gogol and Kafka — that of allowing more scope, in certain scenes, to inanimate objects than to persons. Even when presented in a hallucinatory light, these objects can take on more life than the living, as, for example, a Victorian screen in one story in this collection which is "embroidered with brightly coloured parrots and parakeets perched on interlacing leafy branches" and gives a cabinet minister sitting in front of it "a deceptive appearance of unreality for an instant, as if he was an actor playing at having got lost in a tropical forest or jungle."

An episode in another story describes a bizarre encounter with a prostitute whose main interest in life — "her only real home now" — is painting. Various canvases of hers in her modernist, her traditional and her post-modernist style are described with deadpan irony, while she herself remains a shadowy and (but this may be deliberate) a not entirely convincing figure.

Only when he is making overt political comment does Upward fall below a splendidly imaginative level; and then he is not averse to using banal cant words such as "anti-progressive" and "revisionist," and even allows himself to write "the whole existing social and economic system."

There is a paradox here. The use of such numbing phrases imbues the political activity described in some of the stories with a strong sense of unreality. It is in the astonishingly rich world of his dreams (or nightmares), fantasies and hallucinations that Edward Upward is at his most real and his most compelling.

David Phillips

Edward Upward: colleague of Isherwood at Cambridge and after

Czech dissident

VACLEV HAVEL OR LIVING IN TRUTH
Edited by Jan Vladislav. Faber and Faber £15.00, 315 pages

VACLEV HAVEL is a Czech dissident playwright now in his fifties who decided to stay on after the Soviet invasion of 1968, and his friends in the West have had the bold idea of presenting him with a book. It is oddly arranged—the first half by Havel, the second by his friends—and it might be best to read Tom Stoppard's essay first, or the final bio-bibliography, to map out his career in one's mind.

A Charter-77 man, Havel was released from prison by the Communists four years ago, and now leads the shadowy nervous life of independent spirits under socialism—drawn dangerously inward on themselves, as they know, since there is so little they can safely do in the world around them. One of his six essays here is symbolically called "The power of the powerless"; and the first, his "Open letter to President Husak" of 1975, led soon after to the dissident manifesto known as Charter 77 and to his own arrest.

So the book, with its brief contributions by Samuel Beckett, Heinrich Böll, Arthur Miller and Stoppard, seems a just and fitting tribute to the winner of the Erasmus Prize for 1986. The more fitting, let us say, for being grave and grim. A Czech today is seldom under threat of torture, deportation or execution; as Havel reminds his head of state, the secret police can interfere in private lives long before any questions of punishment arise. What such lives suffer is rather a sort of slow entropy. You are transformed in your inner being and deprived of hope, valour and conviction.

As Havel recounts it here, life under socialism is an exercise in "endless dissimulation," until dissembling turns natural and threatens to become one's real being. The system seldom kills but always deadens. Its rewards for collaboration turn even the virtuous into "unprincipled and spineless men": a conformist race of lackeys, self-trained in humiliation and governed by opportunists they must flatter and obey. Prague, as Havel says, now enjoys the calm of the morgue or the grave —a "Biafra of the spirit," as he dubs the spiritual massacre of his time, fitly framed by ugly factories that foul the air and soil the heavens.

And above everything, a world of lies. That world cannot be destroyed by war, as Havel insists, any more than an ugly woman can turn beautiful by smashing her mirror. For Communism is the convex mirror of Western rationalism, where reason itself has turned sour and denied itself. Nor can it be met by such intellectual luxuries as bourgeois feminism, which looks irrelevant everywhere except in the rich lands of the West; nor by unilateral disarmament, for whose simple-minded fanatics Havel has an especial contempt; nor by uncomprehending Western leaders like Mrs Thatcher, whose personal enthusiasm for Mr Gorbachev, fond as he is of whisky and golf, may be influenced by the fact that he reminds her of her husband.

In fact Havel does not have a solution at all, and this is a gloomy book lightened only by a touching helplessness and the candour of despair. No ideology can release half of Europe from the thrall of Marxist doctrine—no policy either, in the short run. Just as Communism has shown there is no Utopia, so it has shown that there is no easy exit from the attempt to build one.

So there it is. Little more than an hour from London airport, a seemingly stable paradox of revolutionaries presiding over the most conservative of social systems, and without any immediate fear of reprisal or betrayal. Communism works rather in the way that conservatism works, being itself profoundly conservative—by inertia. But subjugation, as Havel remarks, is a cruel price for half Europe to pay for a Victorian intellectual dream of Utopia. Only in his opening sentence, in one of the few jokes in the book, does he hint at a final outcome. "A spectre is haunting eastern Europe," he writes, aping the opening by Marx and Engels of their most famous pamphlet in 1848: "the spectre of dissent." That vain boast turned true in Prague just a hundred years later, in 1948, when Marxists seized power. So perhaps Living in Truth is not so sad a book after all, for those patient enough to wait.

George Watson

More from Maori land

THE WINDEATER TE KAIHAU
by Keri Hulme. Hodder & Stoughton £10.95. 240 pages

DRUNK WITH LOVE
by Ellen Gilchrist. Faber & Faber £9.95. 239 pages.

THE MEMOIRS OF CHRISTOPHER COLUMBUS
with Stephen Marlowe. Cape £10.95. 569 pages

RELATIVE STRANGERS
by Maureen Rissik. Viking £10.95. 480 pages

TWO NOVELS this week, and two volumes of short stories, all with something to offer in their various ways.

Best known of the authors perhaps is Keri Hulme, who won the Booker Prize a couple of years ago with an extraordinary saga of New Zealand, and who is at it again in the 20 disparate pieces of The Windeater Te Kaihau.

Many of them have not hitherto been published, and one can see why. Like The Bone People they are very variable in quality, ranging from the beautiful to the unreadable, the sublime to the ridiculous. There is a marvellous story here about a pregnant woman in a boat, and beneath her a pregnant whale humming to herself in the icy depths. There are others that you can read twice and still not be entirely sure what they are about.

Maoris, fish, sheep, a beach Arab playing a bone flute, a boy with a hook for a hand—some of these are folk tales, written straight from the burning gut. Others are poetry, screenplays, experimental fiction, the stuff of writers' workshops. It's a mixed bag of tricks, in short, with an earlier glimpse of The Bone People's Simon thrown in for good measure.

What does come across though, and very strongly, is the author's tremendous feeling for language, for the way words are put together. The lyrical quality of her work is surely her most important asset. She has a weird talent—at its best when under tight control, and not to everyone's taste even then—yet not to be dismissed lightly either.

Far more even as a writer is Ellen Gilchrist, whose new collection of short stories Drunk With Love is in some ways a follow-up to her earlier, prize-winning Victory Over Japan. Traceleen appears again, still working for the effervescent Miss Crystal; so does Rhoda, that quintessential American teenager, the only girl in Harrisburg, Illinois not to have started menstruating.

Most of the stories are set in the author's native America and range from a love-struck bookseller surviving an earthquake in San Francisco to a New York journalist who earns her living as a church critic, reporting on matins much as she would the service in a restaurant. Several deal with sex across the colour line—a Lebanese student beating up his German-American wife, a white woman murdered by her negro husband. All are whimsical, perceptive, droll; bland sometimes, yet always cheerful, always fluent. The book is prefaced with a quotation from Einstein to the effect that people are barmy. Ellen Gilchrist plainly agrees.

The Memoirs of Christopher Columbus, written with a little help from Stephen Marlowe, are an attempt to set the record straight after almost 500 years of deliberate disinformation put about by the explorer's hagiographers. Round earth indeed! When Columbus was a boy in Genoa, any fool could see that it was flat. If you want people to know how things really were, you can't trust your biographers to tell the story. You just have to sit down and do it yourself.

So the truth is that Columbus was brought up in a brothel and took a job in his youth as food-taster to his cousin Rodrigo Borgia, not yet Pope, but not a man to be crossed either. He allowed Borgia's mistress to seduce him and had to leave Italy in a hurry soon afterwards. He drifted from Portugal to Bristol, via Galway Bay and the Gold Coast, and got into the exploring business almost by accident.

His first thought on setting foot in the New World was a feeling of irritation that there were no TV cameras to record the event, no rights to sell, no vast publishing advances—not like that Neil Armstrong. And as for syphilis, he points out quite rightly that there are several references to similar diseases in Europe before his sailors ever went near the New World.

Columbus has obviously read his Flashman, and probably Joseph Heller's God Knows as well. His view of the world is blessed, like Heller's King David, with hindsight, a device which enables him to place his life in its proper context, with a great many wisecracks along the way. He is a little wordy sometimes, but great fun otherwise.

Wordy too is Maureen Rissik, a former publisher now trying her hand at the work-face with her first novel Relative Strangers. She is aiming at the women's market, several cuts above Judith Krantz, and deserves—with the exception of a very unlikely rape scene in Chapter One—to succeed.

Angie Jarman is the rape victim. She is the upper-class scion of an old-established English publishing house, returning from America after many years to take over the firm and get involved with Paul Angelou, a thrusting young Greek whose chances of becoming a Tory MP are in no way helped by his father's pornographic business in Soho. It is formula stuff, a British story on an American scale, with a host of subsidiary characters and plenty of action to keep the ball rolling. It is also well crafted and more literate than most: nicely set up in fact for the small screen, if nothing larger.

Nicholas Best

CRIME

"C" IS FOR CORPSE
by Sue Grafton.
Macmillan. £8.95. 243 pages

"C" IS also for California, where a very rich young man is murdered, not long after engaging Kinsey Millhone, private investigator and narrator of her adventures (this is the third). As a detective she acts fast, but her story-telling is leisurely, enriched by a number of marginal, if not downright extraneous characters. The murder victim is affectionately described, and so the pursuit of his guilt becomes all the more impassioned. The solution is plausible and satisfying.

BARREN REVENGE
by John Penn.
Collins. £8.95, 184 pages

Oxford is beginning to rival the popularity of Los Angeles as a settting for violent crime. Mr Penn's familiar and likeable Dectective-Superintendent George Thorne and his Sergeant Abbot of the Thames Valley Police are involved, this time, in a curious set of misdeeds. Thorne is particularly affected, since his wife disappears at the outset of the story, leaving a disturbing trail. The dramtic personae are numerous, but are described with economy and telling use of detail. A nice traditional performance.

William Weaver

The novel Kate Vaiden reviewed last week is by Reynolds Price not Reynolds Stone.

Snaffling the scientists

THE PAPERCLIP CONSPIRACY
by Tom Bower. Michael Joseph.
£14.95, 336 pages

TOM BOWER's book amplifies his account seen recently in a television programme showing how German scientists and technicians were cynically recruited by the allies after the end of world war two as part of the spoils of victory.

He lays bare the calculating, often hypocritical, way this was done. In gathering together the plunder, in an exercise code-named, in the US, Operation Paperclip, the allies chose to ignore the scientists' role during the war. Many of these people were among the chief mainstays of the Nazi regime, and some were guilty of terrible crimes against the inmates of Hitler's concentration camps. In some cases, official records of the scientists' careers were rewritten to hide their pasts.

It is a bitterly depressing book. The German scientists come out equally badly as they whitewashed their careers during the war in order to accommodate themselves with the allies. The rocket technicians, including Werner von Braun, doyen of the German propulsion experts, who were given jobs by the US and who were the key players in establishing that country's space effort in the 1960s, were leaders among the guilty parties. I wonder what the citizens of Huntsville, Alabama—home of the US's leading rocket centre, and where the town's shopping mall is named after von Braun —make of it all.

The US, at least, organised itself effectively to plunder the scientists. Britain, on the other hand, was incredibly uncoordinated. Some government officials realised the country had a lot to learn from German technical skills. Bower makes the point—mainly in the book's first few chapters, which detail the UK's difficulties in areas such as tank design—that the country's scientific expertise during the war was a lot less impressive than has been generally believed. This part of the book is, as it happens, clumsily written, and detracts somewhat from the rest.

Britain, however, had difficulty deciding whether the economic returns from employing such clearly unpleasant people outweighed the dubious nature of such deals. By the time the UK had weighed up the issue, either the US, France or the Soviet Union had snatched away the prize German technicians.

One of the American arguments was that unless the US seized a large quota of the scientists, these people would be taken by others among the allies, and possibly used to harm American interests either industrially or (in the case of the USSR) from a military standpoint. Such reasoning, that fundamentally immoral activities can be justified so long as they advance a country's economic health, was to become part of the post-war scene. With similar arguments governments could, for example, condone arms sales to war-mongering Third World countries or even the export of high-tech equipment to implacable enemies. The Paperclip Conspiracy set the tone for the cynical and exploitative 40 years that were to come.

Peter Marsh

هكذا من الاصل

Nigel Andrews reports on this year's Berlin Film Festival

Sin and crime in the snow

A SWEDISH husband has his hands nailed to the floor by a jealous wife. Japanese surgeons vivisect a group of American airmen during the Second World War. A Wisconsin mass murderer recalls how he performed his own brand of taxidermy on his victims. In the American South, a daughter tells her mother that she is going to shoot herself, they talk for 90 minutes, then she does.

Welcome to the Berlin Film Festival, and its movies. Every year, the world's film critics gather in this snow-bitten city for a kind of pre-Cannes penance. Some 2½ months before they will all be swilling champagne under a Mediterranean sun, they are herded into cinemas where the sins and crimes of humanity are paraded before them. This year, just to make his own experience especialy penitential, the FT film critic was also poisoned with a roll-mop herring and was left off the guest list of several receptions to which all his coleagues were invited. Both these crimes were, I assume, accidental (although one does wonder if the pink paper is now becoming persona less grata in a festival with increasingly left-wing tendencies).

The chief reason we all come back here each year is that Berlin is the best-organised major film festival in the world. And unlike some of its shrinking European brethren (notably Venice) it is getting larger, not smaller. At the same time, Berlin's identity as a counter-Cannes, especially in its choice of movies, is becoming more defined. East-West relations and the exorcising of political or personal guilts are a speciality: as five of this year's most high-impact films have shown. These are:

● Kei Kumai's *The Sea and the Poison.* Two hours of austere breast-beating in black-and-white by the Japanese over their moral conduct in the Second World War. It is based on a true incident in which captured American airmen were used as guinea pigs in medical experiments.

● Alexander Sokurov's *Heartless Grief.* Sokurox, a hitherto "banned" Soviet director now benefiting from *glasnost*, gives us a set of allegorical impromptus on *Heartbreck House*. G. B. Shaw's characters are transposed to a Russian *dacha* in wartime and surrounded with archive footage of Soviet history and the First World War. Sometimes over-fussy in execution, but daring in concept.

● Tom Moore's *'night, Mother.* America agonistes: the tale of a young woman's suicide pledge and her mother's desperate attempts at dissuasion. The dialogue is sometimes theatrical (scripted by Marsha Norman from her own play) but Sissy Spacek and Anne Bancroft go at it hammer and tongs, raking over the coals of their past lives.

● Oliver Stone's *Platoon.* The multi-Oscar-nominated film turns the Vietnam war into a story about America fighting itself: mercy versus massacre, humanity versus gung-ho. (More shortly when the film opens in London.)

● Jim Benning's *Landscape Suicide.* More front-line news from the American Nightmare. The film is topped and tailed by the cross-examination of two famous murderers (played by actors), Jim Gein and Bernadette Protti. In between, a lantern-slide series of still shots depicts the landscapes in which they grew up and committed their crimes. Question: can environment mould a killer and, if so, how?

Not all, however, is agony and self-mortification at Berlin. Seekers after escapism could bypass bygone murderers or would-be suicides and home in on the Rouben Mamouliah retrospective—*Becky Sharp, Queen Christina, Silk Stockings* and Co—or on the flood of entertaining documentaries that annually reach Berlin; this year they are spearheaded by Janet Forman's highly entertaining *The Beat Generation — An American Dream*, an archive scrapbook featuring the Ginsberghs, Burroughses and Kerouacs of yesteryear.

The festival also has an impressive track record in finding and baptising new film-makers. Ten years ago, Berlin was discovering native directors like Fassbinder, Herzog and Wenders and dunking their heads in the waters of international acclaim. More recently, it has found a comic film-maker of real originality in Dorris Dorrie.

Dorrie has followed her triangular love romp, *Men*, with a darker comedy of amorous manners, *Paradise.* A meek suburban husband (Heiner Lauterbach) falls for his wife's former schoolfriend (Katharina Thalbach) and is soon chasing her all over Hamburg's red light district where Miss Thalbach has suddenly decided to seek gainful employment.

The wife (Sunnyi Melles) is a dizzy, self-pitying blonde who first hires a detective to track the lovers and then decides to track them herself. Appalling misunderstandings ensue and the path of love, far from running true, starts to resemble a ski-slope slalom course designed by a madman. The movie gets darker by the minute in the last half-hour and ends in murder.

In Berlin, indeed, even films wearing the label "comedy" and tackling themes far removed from the arena of politics or history seem to end up nudging towards great statements about Fate. Fielder Cook's adaptation of Saul Bellow's *Seize The Day* begins with Robin Williams in ripping comic form as Bellow's walking Jewish mid-life crisis. Then, it steers him towards bleakest tragedy as his marriage, his bank balance and his self-esteem all start to crumble simultaneously.

And in *Rite Of Passage* by Taiwanese director Hou Hsiao Hsien (another outstanding talent nurtured in recent years by the Berlin festival), a story that begins with comical family squabbles typical of Hsien's work (cf. *A Summer At Grandpa's*) moves darkly towards military call-up and the tragic rupture of a love affair.

Love and war are also sworn enemies, fighting to the death, in Andrzej Wajda's *A Love Story*. Wajda's newest film gives us nostalgia, Vaseline-fuzzed lenses and two youngsters experiencing love's impossible dream in Poland on the eve of the Second World War. From the director of *Ashes And Diamonds* and *Man Of Iron*, the movie seems for much of its length like a doodle on a table napkin: slight, elegaic, filigree.

It grows darker and stronger only when the "storm clouds" of war advance across the screen: from the khaki-and-pink *ulan* cavalry seen moving towards their doomed, quixotic showdown with the German tanks to the sinisterly anachronistic chorus figure (Tadeusz Tomnicki, who also wrote the movie's source novel) who prods the young hero with warning visions of the future. In one scene, he even claps a pair of Walkman earphones over the boy's head so he can hear the noise of coming battle.

The noise of coming battle in Berlin includes new films from Claude Chabrol, Marta Meszaros, Paul Schrader and Jean-Marie Straub, plus a 14½-hour "peace film" from Peter Watkins of *The War Game*. More next week.

Robin Williams in "Seize the Day"

Radio

Trials of life in the USSR

ONE OF my favourite books at school was "The ABC of Communism" by Bukharin and Preobrazhnensky. The alphabet changed under Stalin, and both the authors came to grief. Bukharin's trial was the subject of Tuesday's Radio 4 feature *Trial by System*, but to call it a trial is an overstatement. Like all his fellow-defendants but one, Bukharin pleaded guilty—as he put it, in principle, but rejecting the specific details. The details included a plot to murder Lenin, Stalin and Sverdlov, but Bukharin maintained that they were only to be arrested, not murdered. (That inevitable sequence had not yet been established.) A lot of good that did him. As Vishinsky said in his summing-up, "Rightists are criminals, not politicians. There is no such thing as loyal opposition or honest disagreement. Any disagreement is heresy." The defendant who pleaded not guilty, Krestinsky, admitted lying at the preliminary investigation, and now wished to plead the truth. (He had once been an ambassador.) He was taken away for 24 hours and then realised that his original confession had been true after all.

The atmosphere at the Military Collegium of the USSR Supreme Court must have been tenser than it seemed in Norman Moss's account. Much of the evidence was given at second-hand rather than in either real or reconstituted dialogue, so although there was a good cast, including Bob Peck as Bukharin and Bill Paterson as Vishinsky, I never got the feeling of actually attending the trial. I think more effort might have been made to achieve something like authentic Russian pronunciation of names—an effort in which the Radio Times might have joined. "Vashasky" was as near as they got to Vishinsky.

Plenty of real, indeed live, recorded, dialogue in Radio 4's Saturday feature, *Births, Deaths and Marriages*, some of it surprising. "We were born here in England, in Wales," said one of the daily 2,000 punters after their certificates from the 265m records. I admired the man who had traced his descent back to the 15th century and turned up the name of Thomas, son of Geoffrey, Chaucer.

Radio 3's second Henri Becque play, *Woman of Paris*, came with the bonus of an adaptation by Peter Barnes and a cast which included Judi Dench as Clotilde, the woman, and Dinsdale Landen as Lafont, her lover. It began admirably. "Open the desk and give me that letter!" a husbandly voice commanded half a dozen times. But in the middle of the long scene of jealousy there was an interruption. "Quick! It's my husband!" Clotilde said. We are among the kind of Parisians we might meet chez Sardou. Clotilde is married to a rich, ungenerous, ambitious husband, Roger (Edward de Souza). There is no Feydeau-style comedy between these three, for Roger is more concerned with a new job at the Ministry of Finance than with the routine of his home, and all three no doubt feel themselves in their proper situations. ("After all, he's only a lover," is one of Clotilde's characteristic lines.) But there is much enjoyable satire at the expense of Parisian behaviour, and Mr Barnes and director Ian Cotterell keep the sparkle alight throughout the 90 minutes action. The English translation is by Kate Horn.

I have not written before about *King Street Junior* (Radio 4 on Mondays and repeated Tuesdays) because I cannot make up my mind what the point of it is. It is written from the staff angle, yet I never hear them discussing their pay or their terms of employment or prospects of promotion. Daily routine is the pabulum of the scripts. This week a party of kids was taken on a trip to the National History Museum. Naturally there was to be a visit from French educationists on the day of the trip. There was some worry whether parents might complain about their children having seen the Human Biology section. Of course, one of the children was missing when it was time to return. The tale was well told and well acted, full of convincing detail (to me, who has never been a teacher). But by the time the coachload had gone back, another day had passed, and the next day would be another day. I missed the personalities you have among the children at Grange Hill; but then at a junior schol there would not be likely to be personalities.

B. A. Young

Henry Wrong, director of the Barbican Centre

Trevor Humphries

Fragility of Glass

THE RETURN of Philip Glass's *Akhnaten* to the repertory of English National Opera brings back to the Coliseum some impressively controlled individual performances, a staging of great imaginative resource, and an opera of negligible musical and dramatic worth. The first run of performances in 1935 played to capacity audiences; its media profile was very high. Those who believed then that they had seen the future of opera, and seen it working, have since in the same theatre been able to experience a genuine renewal of music theatre on the largest scale, in the shape of Birtwhistle's *Mask of Orpheus*.

Akhnaten completed a trilogy of stage works in which Glass set out to explore significant historical figures. This trilogy shows a progressive move away from the traditions of performance art (if that is not a contradiction in terms) towards the narrative continuity of conventional opera, and at the same time a distinct decline in musical and theatrical originality. *Akhnaten* fails to build on the strengths of either of its predecessors. There is neither the sharp-edged vitality of much of *Einstein on the Beach* (nor Robert Wilson's transfiguring dramatic flair), nor *Satayagraha's* carefully moulded and rewarding vocal and choral writing. Instead, there is now a numbing blandness, in which the dislocation between the non-development accompaniments and the narrative imperatives of the action produces an unfillable void.

Glass cannot, though he tries very hard, have it both ways. If he wishes to embrace the trappings of the conventional opera house in search of a larger public, and chooses to do so by traducing some of the conventions of traditional opera, he cannot leave his music stranded in 1970s minimalism, with merely an enriching of texture here and a layering of forces there to simulate a larger canvas. Relying on the stage director to provide the visual coherence becomes a total abdication of the composer's responsibility.

The cast shows only one change from the creators of their roles two years ago: Paul Harrhy takes over as the High Priest of Amon. The rest recreate their highly disciplined, beautifully detailed portrayals, taking maximum advantage of the very few opportunities for expressive singing (approximately one per act) the score offers them. Christopher Robson's childlike naivety in the title role is very moving. Sally Burgess's sensuous Nefertiti compelling watchable, Marie Angel's Queen Tye scrupulously composed. But neither their intelligent commitment nor Freeman's fertile invention can justify such a grotesquely empty piece of music theatre.

Andrew Clements

Barbican battles on

NEXT WEEK the Barbican celebrates its fifth birthday. It is a time for modest congratulation rather than wild rejoicing. The Barbican is edging its way unobstrusively into the affections of the arts-using public rather than dazzling them with its brilliance. It has experienced some very sticky patches in its early years and is still dependent for its survival on the fickle approval of its unlikely begetter the City of London, but at least it is currently facing no major crisis.

Indeed, this week it took a record £358,566 at the box office—the Barbican's director Henry Wrong well remembers buying the box office staff drinks five years ago for selling £35,000 worth of tickets in a week. The current exhibition in the Barbican Art Gallery of Russian costumes is attracting record attendances, reaching 1,800 on a Sunday, while the resident orchestra, the London Symphony, has finally got its musical policy right and is close to breaking even. The other house company, the Royal Shakespeare, had such a disastrous box office in 1986 that it is certain to do better in the current year: the signs are already there.

It was not always so. From the start the Barbican was burdened with a building conceived in the days of the concrete brutalism of the 1960's. It is very costly to run; its approaches are both ugly and devious; it was badly designed, hard to negotiate, and unredeemed by decent catering. Much of Henry Wrong's energy has gone into such mundane activities as increasing the number of lavatories, shifting and improving the kitchens, streamlining the signposting, and cheering the grey spaces with art and murals, special exhibitions and small musical ensembles.

But the biggest disaster was the acoustic in the concert hall, which quickly ran into critical abuse. It is still not perfect to all ears but, at the loss of the glass globes which prettified the auditorium, and other technical adjustments, the acoustic is said to be maturing nicely.

Unfortunately, while the sound was upsetting the minority with a musical ear the concert programme was discouraging the masses. The Barbican saw its audience built around the hundreds of thousands of local City workers, and the LSO based tis initial programmes on early evening concerts which would be convenient for office staff. In the event it was a box office disaster, and, along with some ambitious but unpopular theme festivals, the LSO ran up an overdraft in excess of £400,000. By strenuous efforts, including financial self-sacrifice by the members of the LSO, the debt is now less than £100,000 and should disappear completely in the next year.

The LSO has pulled itself together just in time because, under its new management, the South Bank Centre across the Thames is likely to mount a tougher challenge for a limited musical audience, and on very much the same territory — themes. The Barbican is getting in first with a procession of festivals, mainly built around music, but with the visual arts doing their bit.

In the next few months the LSO will be the centrepiece of a Gershwin Festival, followed next year by a Festival of British Music with Steve Reich and Shostakovich Festivals later in 1988. It is also to reintroduce a subscription scheme, which did not work when the Barbican was newly opened but which stands a better chance now that the LSO has built up a loyal-ish audience for its mainstream diet of the more popular works in the musical repertory.

The LSO is not without its problems — it loses its charismatic principal conductor, Claudio Abbado, next year, and is short of the £600,000 a year (out of an annual income of £4m) needed to ensure that its members are not overworked by commercial sessions and can concentrate on a well-rehearsed Barbican programme.

The RSC seems to have learned its lesson from the experimental dramas of last season, and has saved a considerable sum by dropping one new production from its 1987 plans. There will be more Shakespeare and only a Genet season to appease the modernists. The RSC does not like the Barbican but, until 1986, it had achieved great audience and financial success there. It is locked in for the foreseeable future: there may even be more integration with other artistic events at the Barbican which has been a pious hope from the start.

The future of the Barbican depends upon the financial generosity of the City. In 1985-1986 its revenue was almost £8.5m, a rise of £3m since its opening year. Most of this, £4.2m, came from catering, with £1.5m from commercial exhibitions. This financial year will not show much gain, since lower RSC attendances will have hit catering revenue. Exhibitions, too, remain a problem area, although conferences are well ahead of target. (It was assumed that such business activities would pay for the artistic ventures, but collectively they contribute just £2.1m.

Expenditure was £12.2m, with the City picking up the bill for £3.8m. The deficit seems certain to grow, mainly because the Barbican now has to pay rates. The City is so committed to the Barbican that it will probably provide more cash: it is also getting quite proud of the place. There has been a substantial increase in the number of City companies hiring its facilities.

Around 2m people visit the Barbican a year, a half to buy a ticket, a half to wander round. Strenuous efforts have been made to turn it into a fun place—lots of free exhibitions, and concerts by students from the adjacent Guildhall School of Music—but it still lacks a coherent image. Its parts seldom gel.

The RSC sees itself as a theatrical company of international repute rather than the local drama group; the LSO is only now in good financial health. Oddly enough the Barbican Art Gallery has been the surprise success. Few people can get a warm expectant glow as they approach that grim fortress. But, if it is hard to love, the Barbican has solid virtues—it does not cost the taxpayer very much; it has presented many wonderful events—*Les Miserables; Richard III;* the Mahler Festival; Bernstein—and it has taught the City of London, if not to love the arts, at least to acknowledge their existence.

Antony Thorncroft

Chess solution No. 661

1 N-R3 (threat 2 N-N4 ch. K-B4; 3 R-N5 mate), R-QR4 (*forced*); 2 K-R3! Now Black is in zugzwang. If 2. . .P-KB4; 3 N-QB4 and mate next move, or 2. . .P-K4; 3 N-N4 ch and 4 R-Q5, or 2. . .P-N7; 3 N-QB2 with 4 N-N4 or 4 N-Q4.

Records

Overdue attention for Gluck

Gluck: Paride ed Elena. Ileana Cortrubas, Sylvia Greenberg, Gabriele Fontana, Franco Bonisolli etc./Arnold Schoenberg and ORF choirs, ORF Symphony Orchestra/Lothar Zagrosek. Orfeo S118 834F (three records).

Berlioz: La Damnation de Faust. Frederica von Stade, Kenneth Riegel, José van Dam, Malcolm King/Chicago Symphony Orchestra and Chorus/Georg Solti. Decca 414 680-2 (two compact discs).

Berlioz: La Damnation de Faust. Josephine Veasey, Nicolai Gedda, Jules Bastin, Richard Van Allen/London Symphony Orchestra and Chorus, Ambrosian Singers, Wandsworth Boys' Choir/Colin Davis. Philips 416 395-2 (two compact discs).

Paride ed Elena (1770) was the third and last of the so-called Reform operas which Gluck wrote for Vienna, and marked his final collaboration with the librettist Calzabigi. In common with the other Reform operas—*Orfeo* (1762) and *Alceste* (1767)—its historical importance has never been doubted. But unlike those earlier works, it has remained little revived and much misunderstood—of all the mature Gluck operas, indeed, it shares with *Iphigénie en Aulide* the dubious distinction of semi-permanent neglect lasting from his day to ours. There are reasons why this should be so; yet few people who come to hear the new *Paris and Helen* recording will remain unpersuaded that it is a work of rapturous beauty, an outpouring of some of the most radiant lyrical inspiration Gluck ever produced.

From the first it was not a success: an observer of the Vienna premíere noted that it was generally considered a work of "strange and unequal taste." The libretto was described by Einstein as "shilly-shallying . . . prolonged over five acts"—a not unfair description, since the whole opera is in effect the protracted wooing by Paris of Helen (in Calzabigi's version, not yet married to *Menelaus, but already* betrothed to him). Though Cupid, disguised as Erasto, plays an important Pandarus part on Paris's behalf, and though in Act 5 Pallas Athene intervenes with dire warnings of future tragedy after Helen has surrendered, *Paris* and *Helen* is essentially a two-hander set amid choral tableaux.

As such, it is difficult to bring off. Yet even in an only tepid reading such as this first complete recording offers, the music and the drama combine to cast a spell. As in the later *Armide* (in which Gluck re-used several *Paris* numbers), the central theme is the power, sublime and destructive in equal measure, of sexual love; and Gluck's "reformist" stripping to bareness of his musical means achieves a magically potent and direct elucidation of such a theme (Paris's lovesick rapture pours out in his first utterance, "O del mio dolce ardor"). *Paris and Helen* and *Armide* are works peculiarly poised, as it were, on the edge of the 18th century—carefully composed of ceremonial, French-influenced forms; and, in their evocation of passionate emotional entanglement, extraordinarily intuitive of the Romantic era.

This is a work for which the attentions of the record companies were *long overdue*. Gratitude is the correct attitude to Orfeo's effort, mixed with disappointment that it was not more successful. The first *Paris* was the soprano castrato Giuseppe Millico (all four main parts are soprano); the modern solution of casting a tenor in the role, just barely acceptable in the theatre, will really not do on records. People who know Franco Bonisolli only from his stage-hogging, top-note-shouting Covent Garden performances may be pleasantly surprised at the sensitivity of his response to Paris. He feels the beauty of the music, and, in its best *moments, the voice sounds* attractive. But it remains too heavy, too Puccinian, in style—and, in any case, it's a voice operating in the wrong octave. (To hear how the music *can* sound, Janet Baker's 1976 record of four Paris arias comes as a marvellous corrective.)

More surprising, and more distressing still, Ileana Cotrubas was in very poor voice when recording Helen, particularly thin and uncomfortable in her middle register, where most of the declamation and characterising vocal details of part lie. Both Sylvia Greenberg, a fresh-toned Erasto, and Gabriele Fontana, a statuesque Athene, could do with some of Bonisolli's native way of inflecting Italian recitative. Chorus and orchestra (of modern instruments) are excellent, and Zagrosek is a sympathetic Gluck conductor, even if one misses the heightened dramatic intensity that a Norington, Eliot Gardiner or *Mackerras* would surely uncover in the long Act 4 dialogue leading to Paris's great cry of passion, "Di te scordarmi!"

*

Berlioz is doing exceptionally well out of the record companies' refurbishment of past publications for the still-burgeoning compact-disc catalogue. Gaps remain to be filled of other important composers and works, yet already there are two sets of *La Damnation* to choose from. Berlioz is, of course, a provider of virtuoso orchestral effects to test any new sound system. If the *légende dramatique* is considered above all a "sound spectacular," then Georg Solti's 1980 Chicago performance for Decca cuts the wider swagger—in the Hungarian March and the Ride to the Abyss the dynamic range and clarity of detail are unmatched on the 1973 Philips by Colin Davis. Solti also has much the stronger choir, the more "crack" orchestra, and a matchless Mephisto — sardonic, smooth, infinitely subtle — in José van Dam.

But Davis has in Josephine Veasey a Marguerite who improves on a rather dull start to reach a "D'amour l'ardente flamme" of glorious power and urgency (Solti's Von Stade follows exactly the reverse course, palpitatingly vivid at the start, overparted in the Romance). And Davis is obviously the more "inner" Berlioz conductor. Whole passages that under Solti's hands pass off with noisy, externalised bravura reveal under Davis their long-lined individuality, their peculiar Berliozian splendour. Other CD reissues from the Davis Berlioz cycle deserve at least an approving mention: the LSO's unsurpassed 1965 set of overtures (Philips 416 430-2), and the 1974 *Fantastic Symphony* by the Concertgebouw (Philips 411 425-2).

Max Loppert

The chess prodigy who made it

By Dominic Lawson

"CHESS IS a completely meaningless thing. It's really just a stupid game." These are sentiments with which the majority of the British population would readily concur. But this is the opinion of Nigel Short, who at the age of 21, is the strongest ever British chess-player, ranked seventh in the world, and regarded by World Champion Gari Kasparov as the most serious long-term threat to his supremacy over the chess world.

Kasparov should know. He has just played a six-game match with Short for Thames Television. The result—as in the Mastermind competition—is a secret. But after it was over Kasparov confided to a friend that Short had improved beyond recognition and that in one year he could be the only sensible candidate for the world championship.

As Short's tongue-in-cheek remarks indicate, one of the biggest obstacles to his becoming the first player since Bobby Fischer to break the post-war grip of the Soviet Union on the chess crown could be his own attitude. He is neither as obsessed with chess nor as ruthlessly ambitious as Kasparov or the previous world champion, Anatoly Karpov.

Short's apparently laid back attitude is probably a function of the ease with which he has always played the game. He is the child prodigy who made it. He picked up the rules at the age of five, simply by watching his father play. When Nigel was seven his father took him to the local chess club in Bolton but it rejected him as being too young. It would never have happened in the Soviet Union. Three years later Viktor Korchnoi, then the world's second strongest player, played a collection of British youngsters simultaneously. The 10-year-old kid from Atherton, Lancs, beat the great man. Sensation. Nigel recalls: "I was quite blasé about it. I thought these results were normal. I thought the really great players were not much better than me. The innocence of youth."

Yet Nigel—now a lean six foot one—absolutely does not conform to the stereotype of the chess genius. He left school at 17 without sitting any A levels, and showing no aptitude for mathematics or any other academic subject. While at school he formed a pop group which he wanted to call "Pelvic Thrust" but which appeared on Blue Peter—slightly more acceptably—as "The Urge." More recently Nigel has described sex as his main form of exercise.

Yet despite the irreverent facade Nigel does entertain the highest ambitions. Although he may be irritated by the way in which—in the UK at least—he is constantly being measured up for the world championship, his own aim is no lower. While the other British grandmasters seem to be in awe of Kasparov, Nigel insists "I am not fraid of him." That confidence received a boost earlier this year when Nigel beat the world champion in a game played in a Belgian tournament. The victory illustrated Nigel's strength—a phenomenal intuitive gift—and his weakness—a lack of tactical vision. Nigel completely overlooked a simple move by the champion which won a piece. Yet the "blunder" turned out to be the best move, and was hailed as brilliant sacrifice in the chess press. The episode recalls Nigel's years a child prodigy, when as he now admits "I didn't analyse much. I just played the first move which came into my head."

Nigel Short is sometimes criticised as overconfident. According to Grandmaster Raymond Keene "he sometimes makes mistakes, because he cannot believe he has overlooked something." Yet Nigel levels precisely the same charge against Kasparov: "There are big flaws in his game. It is mainly a question of character. He is extremely egotistical. That is not meant to be derogatory. It is a statement of fact. It means he can overestimate his position both on and off the board."

THIS WEEK Nigel Short flew from his match against Kasparov to a very strong tournament in Iceland, and reeled off six wins on the trot, including victories over world ranked No 5 Ljubomir Ljubojevic of Yugoslavia, and the world No 6, the redoubtable Viktor Korchnoi. The local grandmasters said they had seen nothing like it since the great Bobby Fischer who won his world title in Iceland 15 years ago.

In their manner at the board Short and Kasparov are complete opposites. The 23-year-old champion employs a vast range of facial expresisons and bodily contortions which vividly broadcast his emotions during every twist and turn of the game. But Short maintains the same relaxed pose and nondescript expression whether he is winning or losing. Kasparov may be terrifying to play but Short must certainly be baffling. Not that Short does not care if he losses: "There are some games after which I feel like putting my head in a cement mixer."

If Nigel is to mount a challenge to Kasparov — who he readily concedes is currently by far the stronger player — he must first break through the praetorian guard of Soviet Grandmasters who stand between him and a match for the highest title. Last year he became the first British player to qualify for the candidates' stage of the world championship cycle, but in the final tournament in Montpelier he fell behind a posse of Soviet players, such as Yusupov, Sokolov and Vaganian.

In 1962, in Curacao, the teenage Bobby Fischer was similarly thwarted by an earlier generation of Soviet Grandmasters. The bitterly disappointed American immediately wrote an article called "The Russians have fixed world chess" in which he alleged that the Soviet players played as a team and agreed quick draws with each other in order to save their energies for the pounding of one R. J. Fischer.

Twentyfive years later Nigel Short argues — after his experience at Montpelier — "Fischer was right. Of course it is clear that the Rusians play as a team. It is not cheating. It is a grey area in between. It is a question of fair play."

The Montpelier event highlighted another obstacle for the Western challenger. As is usual with world championship qualifying events, the prizes were tiny and there were no appearance fees. Fine for the Soviets, who have trainers provided by the Soviet Sports Committee and are paid a decent wage. Terrible for the self-employed westerner.

Short is still fuming: "At Montpelier I received no appearance fee. No prize. No nothing. It's a joke. It's a very bad joke." The lesson is clear enough. Without sponsorship to cover the cost of a full time trainer, and regular airfares and hotel bills for two, Nigel's chances of fighting through to a match with Kasparov are extremely remote.

It is only fair to add that Nigel's earnings on the regular tournament circuit provide him with an income which only the City of London could otherwise provide for a 21-year-old. But Nigel insists that he does not want to drive a Porsche and has chosen to buy his first property only four miles away from his home town of Atherton. He is in fact a modest man, and particularly so, given the media attention which has been lavished on him from an early age. But when he is asked about his chances to get to the very top he has no false modesty of the sort that the British usually demand of their sportsmen: "Look at the facts. I'm rated seventh in the world. I'm 21-years-old. Chess players don't reach their peak until their early 30s. That's it. Full stop."

Britain's Nigel Short, who is only 21, is rated as a real threat to the World Champion, Gari Kasparov

David Cooke's 13-year hitch

Nicholas Keith reviews the career of a famous flanker, who is disillusioned with the state of English rugby but hopes that the future will be brighter

DAVID COOKE retires from rugby at the end of this season after 13 successful years. He has won 12 caps for England, led Middlesex to victory in the county championship in 1985 and has captained Harlequins for the last four seasons.

You might expect him to be a happy man, looking forward to putting something back into the game he has graced, as a coach or administrator. Yet he is deeply disillusioned; his disenchantment is a reflection of the malaise which afflicts English rugby and exists even after a greatly improved performance against France.

"I want to get out of the game. After we lost in the cup at Orrell, there was no longer any point. I have been to club committee meetings and at the end of the day you see people who want to hang on to memories. I would only reconsider if I could be involved in the running of a game with more business efficiency, like the director of a company. But rugby is light years away from that."

At club level Cooke would like to see a super league of 20 teams; the rest playing competitively to reach this level, and providing a players' nursery. He would also welcome more professionalism for rugby, as in athletics, so that players did not have to work but could concentrate entirely on the game.

To reach the top, players now must devote themselves to rugby, and Cooke believes that it is no longer possible to maintain the amateur, unpaid ethos.

At the beginning of this season there were at least five unemployed Quins. One problem is that rugby means less in London; whereas in the provinces good players and businesses can exploit their rugby name because it has value in a smaller community.

He is fortunate because his father, Harold, was a developer and investor in shops and houses in Thornton Heath. When Harold died in 1965, David's mother took over the family business. So he has been involved in property from an early age, and naturally studied land administration at the North East Polytechnic.

Having worked for several estate agents, he left Hollingsworth a year ago to set up his own agency. It is called Acquest (he decided not to exploit his rugby name); it is based in Wimbledon and he opens his second office next month. This is another good reason for giving up the game. Then there is his marriage at the end of May to Lisa Devereaux, who has nothing to do with rugby or property.

Although some of his ideas may be too radical for rugby, Cooke is a man England should cherish. He is open and thoughtful, not naturally grumpy and disgruntled.

He would have been first choice in an international team coached by Alan Jones, who coached Australia to a grand slam in Britain in 1984, when they scored 100 points (including ten tries) against 33 with the most stimulating, 15-man rugby.

The Cooke quality Jones recognised—but which has not been properly appreciated—is leadership. "My great moment was against France two years ago, when I was given the job of leading the pack and we earned a draw," he said. He also impressed Jones by his leadership of the pack in New Zealand in 1985, although both Tests were lost, the second heavily.

"After New Zealand I thought of offering my services to Martin Green to prepare a side for the World Cup. I didn't; the selectors dropped me and the captaincy went to Melville, who was a fine player but highly prone to injury." On both sides, a chance lost which should have been taken.

He admires Bill Beaumont, under whom England won the Grand Slam in 1980; he was still in charge when Cooke won his first cap in 1981. "In a team game, the direction on the pitch is of paramount importance, especially at representative level when players negate each other and the coach's wishes, or alternative tactics need to be translated. Beaumont was not the best player, but he was a shrewd thinker and motivator." That might be a description of Cooke himself, who has always faced stiff competition for an England place at flank forward from Peter Winterbottom and Gary Rees.

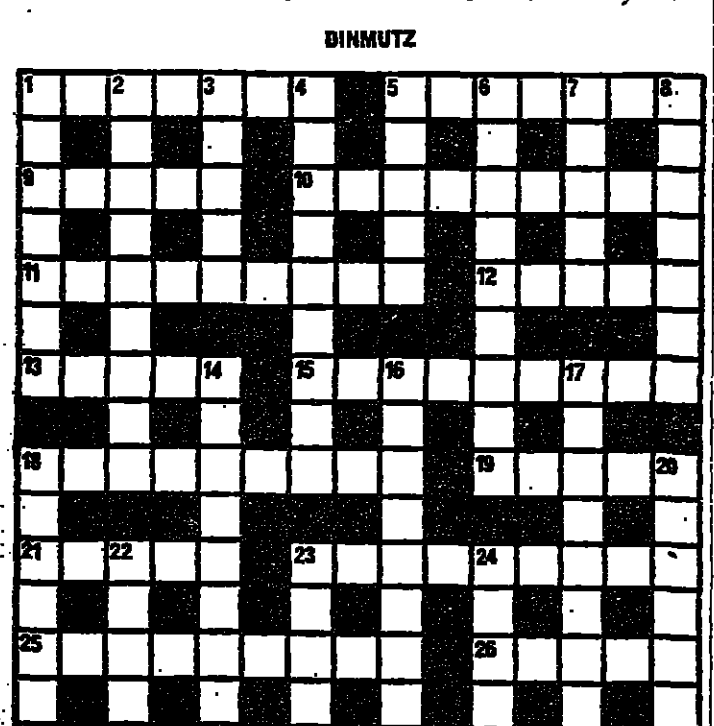
The coaches he respects are Mike Davis, who was also in charge in 1981 (he was the best for England) and had just won the Grand Slam; Earl Kirton, the All Black stand-off half in the late '60s, who "recognised me at 18 and brought me into the Harlequins and Middlesex sides, which he was coaching"; Alan Black, coach of Middlesex when they were county champions, and Dick Best, of Quins. "He has provided discipline and consistency in the club. We are having our best season for years with only five defeats, and we will win the John Player Cup in the next three years."

There is even a chance that D. H. Cooke will be seen in future at flank forward in the Wimbledon team, although there will be little chance if he finds pre-season training as difficult as last autumn. He admitted: "I love the game enough to say that I would like some involvement in the future, but I can't say when or where."

He undoubtedly should be involved. As Dudley Wood, the secretary of the Rugby Football Union, has said that the game must be more business-like (if not professional), it is devoutly to be hoped that an enthusiastic David Cooke will be returned to the English game ASAP.

FT CROSSWORD PUZZLE NO. 6,265

DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

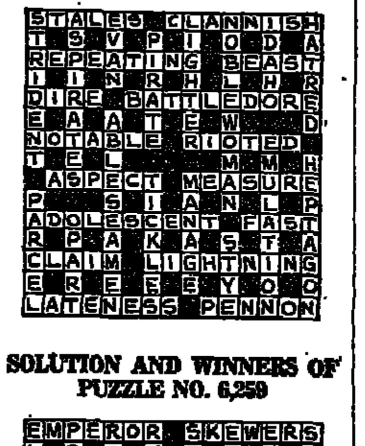
ACROSS

1 Butter paper seen in storm (7)
5 Acrobat drained on the bars? (7)
9 No words for such works of Mendelssohn (5)
10 Former PM putting on weight (9)
11 Guardsman going for the rump? (9)
12 Cromwellian defects sent back in packing-material (5)
13 Reductions in pearls (5)
15 Time for some square-dealing? (6-3)
18 Shrew here in logs lashed together — (9)
19 —— craft you first chat about (5)
21 Make request direct (5)
23 Care if tea is split in this establishment? (9)
25 Extended sleep before noon can be unlucky (4, 5)
26 Broken plate shows floral design (5)
27 Producer of "Chips with Everything"? (7)
28 Concerto for flapper in black and white? (7)
18 This wine is endless delight after tea (7)
20 Film extract of Uncle Sam's caravan (7)
22 List of doctors in jury (5)
23 Take in firm Buddhist sect (5)
24 Circus-tent erected, bring wages to satisfactory level (3, 2)

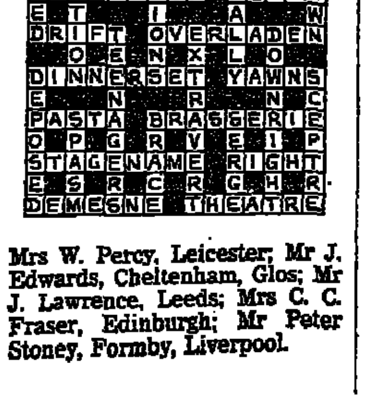
DOWN

1 Early flower often spoiled by nippers (7)
2 Vegetable providing chap with an excuse (9)
3 Way out of a union meeting (5)
4 Material some alter perhaps—in vain? (9)
5 Welsh family badly routed. (English lost) (5)
6 Said to be mail-order repository for the cloth (9)
7 Subsequently stirred tea with both hands? (5)
8 Fugitive character in landing-strip (7)
14 Language of Olympic finalists someday possibly (9)
16 Bookies' enclosure? (4-5)
17 Painter of scenery on a hill (9)

Solution to Puzzle No. 6,264



SOLUTION AND WINNERS OF PUZZLE NO. 6,259



Mrs W. Percy, Leicester; Mr J. Edwards, Cheltenham, Glos; Mr J. Lawrence, Leeds; Mrs C. C. Fraser, Edinburgh; Mr Peter Stoney, Formby, Liverpool.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand featuring 12.25 Football Focus; 12.50 News; 12.55 Rallying; 1.10 Boxing; 1.30 Swimming/Skiing; 2.00 Racing from Punchestown; 2.10 Swimming; 2.30 Racing; 2.40 Swimming; 3.00 Racing; 3.10 Rugby League; 3.50 Half Times; 4.00 Hockey; 4.40 Final Score.

5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 The Little and Large Show. 6.55 Bob's Full House. 7.30 One By One. *8.20 Film: "Rocky II"* (Sylvester Stallone stars). 10.15 News and Sport. 10.30 Cagney and Lacey. 11.30 Film: "Car Wash," starring Richard Pryor.

BBC 2

†2.10 pm Film: "The Nitwits" starring Bert Wheeler, Robert Woolsey and Betty Grable. †3.30 Film "I remember Mama" (With Barbara Bel Geddes). 5.40 The Week in the Lords. *6.20 Micro Live. 6.50 Newsview.* 7.30 Workshop. 8.40 Saturday Review. 9.30 Film Club: "Fanny and Alexander." (Swedish with English subtitles). †11.05-1.00 am Film Club 2: "Smiles of a Summer Night." (Swedish with English subtitles).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Athletics, US Indoor Championships. 1.20 Chips. 2.15 Comedy Classic: Please Sir! 2.45 Snooker, Dulux British Open. 4.45 Results Service. 5.00 News. 5.05 Walt Disney Presents. 5.15 Connections.

5.45 The A-Team. 6.45 Bobby Davro's TV Weekly. 7.15 Me and My Girl. 7.45 The Price is Right. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 Aspel and Company. 10.45 LWT *News Headlines. Followed by Snooker* Dulux British Open. 12.10 am Glastonbury.

CHANNEL 4

9.25 am A Question of Economics. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 Within the Coral Wall. 12.15 pm Isaura The Slave Girl. 12.55 World of Animation. 1.15 Channel 4 Racing from Kempton. †2.55 "Lloyds of London" (Tyrone Power stars with Madeleine Carroll and George Saunders). 5.05 Brookside Omnibus. 6.00 Right To Reply.

6.30 Speed Chess Challenge. 7.00 News Summary followed by 7 Days. 7.30 Bandung File. †8.15 Pioneers of Socialism. †9.00 The Power Game. 9.55 4 Minutes. 10.00 Saturday Live. 11.15 *First Aids. †12.45 am The Twilight Zone.*

S4C WALES

10.30 am Union World. 11.00 A Week In Politics. 11.45 What the Papers Say Awards. 12.00 The Marketing Mix. 12.30 pm Feller by the Name Of . . . 1.15 Racing from Kempton Park. 2.50 World of Animation. †3.05 Feature Film: "Broadway Melody of 1936." 5.00 Odyssey. 6.00 Right To Reply. 6.30 Speed Chess Challenge.

7.00 The March of Time. 7.30 Newyddion. 7.50 Stumiau. 8.20 Mil O Leisiau. 9.20 Y Maes Chwarae. 10.10 E.R. 10.40 Ask Dr Ruth. 11.10 Feature Film: "The Clinic."

IBA Regions as London except at the following times:

ANGLIA

11.00 am Tarzan. 1.20 pm The Fall Guy. 5.15 Blockbusters. 12.05 am Marching Praise.

BORDER

11.00 am Spiderwoman. 11.30 Mr Merlin. 1.20 pm Boxing (Scotland v Norway).

CENTRAL

11.00 am Mister T. 11.30 Under the Mountain. 1.20 pm Knight Rider. 2.15 Who's The Boss? 12.15 am Survivor—Live In Japan. 1.15 Central Jobfinder '87.

CHANNEL

9.25 am No. 73. 11.00 Tarzan. 11.59 Todays Weather. 1.20 pm Rallycross. 1.50 Diffrent Strokes. 5.15 Blockbusters. 12.15 am David Essex, live at the Albert Hall.

Rob Heyland in "One by One," BBC 1 at 7.30 pm

GRAMPIAN

11.00 am UFO. 1.20 pm Boxing (Scotland v Norway). 5.15 Blockbusters. 12.15 am Reflections.

GRANADA

11.95 am The Greatest American Hero. 1.20 pm UFO. *2.15 Punky* Brewster. 10.45 The Big Match. 11.45 Snooker (Dulux British Open). 1.10 am Tales from the Darkside.

HTV

11.00 am UFO. 11.57 HTV News. 1.20 pm The Fall Guy. 12.15 am Alfred Hitchcock Presents.

HTV WALES—As HTV WEST except: —10.45 pm Cup Rugby (Schweppes Cup competition). 11.30-12.15 am Snooker (Dulux British Open).

SCOTTISH

11.00 am Fireball XL5. 11.25 Crystal Tipps and Alistair. 11.30 The Smurfs. 1.20 pm Boxing (Scotland v Norway). 5.15 Blockbusters. 12.15 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW *News. 1.20 pm Scarecrow and Mrs* King. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.15 am The Jazz Life (Richie Cole). 12.45 Postscript.

TVS

11.00 am Tarzan. 11.57 TVS Weather. 1.20 pm Rallycross racing from Brands Hatch. 1.50 Diff'rent Strokes. 5.15 Blockbusters. 12.15 am David Essex, live at the Albert Hall. 1.15 am *Company.*

TYNE TEES

11.00 am U.F.O.. 11.55 Lookaround. 1.20 pm Extra Time Ice Hockey Special (final of the Castle Eden Cup). 2.05 Cartoon Time. 12.15 am Poetry of the People.

ULSTER

11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 12.15 am News at Bedtime.

YORKSHIRE

11.00 am Simon and Simon. 1.20 pm Scarecrow and Mrs King. 12.15 am Live at Wilebski's. 12.45 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time with Peter Clayton. 1.00 pm Pull the Other One. *1.30 Sport on 2, including Football*; Rugby Union; Rugby League; Racing from Kempton Park and at 6.00 Sports Round-up. 6.00 I'm Sorry I Haven't a Clue. 6.30 Cider 'N' Song. 7.00 The Conch Quiz. 7.30 Gala Night at the Opera. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gell . 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Peter Donohoe: Chopin's 12 Studies Op 10. 11.55 Brahms: A German Requiem. 1.00 pm News. 1.05 Roseingrave and Scarlatti played by Robert Woolley (organ/ *harpsichord). 2.00 "Cosi Fan Tutte"* (Mozart's opera sung in Italian). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 The Organ Sonatas of Alexandre Guilmant. 7.05 BBC Welsh Symphony Orchestra (Beethoven concert), part 1: Beethoven (Piano Concerto No 4, with John Lill). 7.40 Handbills? Haircut? Savings Book? 8.00 Concert, part 2: Beethoven (Symphony No 9, Choral). 9.15 The Living Novelist. V. S. Naipaul introduces and *reads from his forthcoming novel* "The Enigma of Arrival." 9.45 First Vespers for St David. 10.30 The Devil's Beatitude. 10.50 The Pendley International Jazz Festival (Charlie Haden's Liberation Music Orchestra). 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 The Week in Westminster. A personal review of the Parliamentary week from Peter Riddell, Political Editor of the Financial Times. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News; Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S).

4.00 News; International Assignment. 4.30 Science Now At The AAAS. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Welsh Drama (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten To Ten (S). 9.58 Weather; 10.00 News. 10.15 The Saturday Feature (S). 10.45 One Man And His Newt. 11.00 Big Jim and the Figaro Club. 11.30 Cliffhanger. 12.00-12.15 *am* News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.56 am Play School. 9.15 Umbrella. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Take Nobody's Word for it. 10.55 Buongiorno Italia! 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week Next Week. 2.00 EastEnders.

3.00 pm Match of the Day Live: Littlewoods Cup semi-final (Second leg), Tottenham Hotspur v Arsenal. 4.55 Tom and Jerry. 5.05 The Muppet Show. 5.30 Antiques Roadshow. 6.15 You in Mind. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 The District Nurse. 8.35 Mastermind. 9.05 News. 9.20 That's Life. 10.05 The Search of El Dorado. *10.55 1,000 Welsh Male Voices from* the Royal Albert Hall, London. 11.45 Time and Place: Cliff Morgan talks to Sian Phillips about her career.

BBC 2

1.55 pm Rugby Special. 2.30 Search Dogs of the Summits. †3.00 Film: "Bringing Up Baby," starring Cary Grant and Katherine Hepburn. 4.40 Music in Camera. 5.20 Thinking Aloud. 6.00 Ski Sunday. 6.30 The Money Pro*gramme. 7.15 On the House.* 7.45 The Natural World. 8.35 Darts (Scotland v Wales). 9.20 Did You See?. 10.05 Screen Two: Heaven on Earth. 11.45-12.20 am Darts.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 am Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. *10.00 No 73. 10.30* The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Link. 2.00 LWT News Headlines, followed by Encounter. 2.30 Snooker—Dulux British Open.

6.00 Bullseye. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 News. 9.00 Doubletake (part 1) starring Richard Crenna and Beverly D'Angelo. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by End of Empire.

CHANNEL 4

9.25 am Sunday East followed by Deewarain. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Rebecca. †2.30 "The Dawn Patrol." (Errol Flynn stars with David Niven and Basil Rathbone).

4.25 World Within a Ring. 4.50 World of Animation. 5.00 Robinson Country. 5.30 News Summary followed by The Business Programme. 6.15 International Badminton: The British Airways Masters. 7.15 The World at War. 8.15 A-Z of C & W with Hank Wangford. †9.15 Armchair Theatre. †10.15 "The Long Arm" (stars Jack Hawkins).

S4C WALES

9.00 am Hafoc. 10.00 The World This *Week. 11.00 Worzel Gummidge. 11.30* The Waltons. 12.30 pm The Tube. 2.00 Viva Verona: "Turandot." 4.00 The Anglo-Indians. 5.00 7 Days. 5.30 The Business Programme. 6.15 International Badminton: The British Airways Masters. 7.15 Wil Cwac Cwac. 7.20 Newyddion.

7.30 Cadwyn Cerdd. 8.00 Dechrau Canu Dechrau Canmol. 8.30 Neges *Gwyl Ddewi Archesgob Cymru.* 8.35 Cyngerdd Dydd Gwyl Dewi. 9.25 Pobol Y Cwm. 9.55 Pen-Blwydd Hapus. 10.40 Tywyll Heno gan Kate Roberts.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon Time. †11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am It's Not Fair Lord.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook.

CENTRAL

9.25 am Max, the 2000-year-old Mouse. 1.00 pm Link. 1.30 Here And Now. 12.30 am Central Jobfinder '87. 1.30 Closedown.

CHANNEL

9.25 am Today's Weather. 1.00 pm Les Francais Chez-Vous. 1.30 Farm Focus. 6.25 Channel, News Headlines and Weather.

GRAMPIAN

9.25 am Cartoon. 11.00 Recollections (Sebastian Coe). 11.30 A Full Life (Lord Christopher Soames). 1.00 pm Farming Outlook. 1.30 Face the Press. 2.30 Scotsport including The Dulux British Open *Snooker.* 12.30 *am* Reflections.

GRANADA

9.25 am Max, the 2000-year-old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . . ? 1.40 This Is Your Right. 6.0 Candid Camera. 11.30 Hammer House of Horror.

HTV

9.25 am Max the 2000-year-old Mouse. 1.00 Farming Wales followed by weather for farmers. 6.36 HTV News.

HTV Wales—As HTV West except: 7.45-8.45 pm One Thousand Voices. 10.30 The Fate of the Language. 11.30-12.30 am The South Bank Show.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Encounter. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 Cross Current. 2.30 Scotsport from Kirkcaldy Ice Rink. 12.30 am Late Call.

TSW

9.25 am Look and See. 1.00 pm Postscript Diary. 1.05 The South West Week. 1.30 Farming News. 6.35 TSW News. 12.25 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Farm Focus. 6.25 TVS News. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 1.00 pm Farming Outlook. 1.30 Face the Press. 6.00 Short Story Theatre. 12.30 am Epilogue.

ULSTER

9.25 am Cartoon Time. 12.58 pm *Lunchtime News. 1.00 Link. 1.30 Farming Ulster.* 1.58 Farming Weather. 6.38 Ulster News. 8.57 Ulster News. 12.25 am Sports Results. 12.30 News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Link. 1.25 Farming Diary. 12.30 am Five Minutes. 12.35 Jobfinder.

BBC RADIO 2

Stereo on VHF

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 all-time greats. 2.00 pm Benny Green. 3.00 Soccer Special (Medium Wave only). 4.45 Sing Something Simple (joining VHF). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights. 8.30 *Sunday Half Hour. 9.00 Your Hundred* Best Tunes. 10.05 Songs from the Show. 10.45 John Horler . . . at the piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Bill Rennells presents Nightride. 3.00-4.00. A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Wake Up To Haydn! 8.00 World Service News. 8.10 Primo E Secondo. 9.00 News; 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Michala Petri (recorder) and the Guildhall String Ensemble. 12.15 pm From the Proms 86. London Symphony Orchestra Liszt (Two Legends), Schubert orch. Liszt (Wanderer Fantasy, with Jorge Bolet); (1.00 Interval Reading); 1.05 Liszt (Dante Symphony). 2.00 Lindsay String Quartet (2.55 Interval Reading). 3.35 Music for St David's Day (William Mathias, Alun Hoddinott, Grace Williams). 4.15 Northern Sinfonia conducted by George Malcolm (harpsichord): Handel, Frank Martin, Mozart. 5.30 Starting the World Along: Democrat senator Sam Nunn talks to Michael Charlton about the Nato Alliance. 6.00 Liszt and the Piano. 6.45 New Chamber Ensemble of Wales: Nielsen (Wind Quintet), Holmboe (Notturno). 7.30 Mahler. Symphony No 2 (Resurrection) conducted by Klaus Tennstedt from the Royal Festival Hall, London. 9.10 Famous When the Sun Goes Down (An anthology of prose and poetry about the city of Cardiff). 9.30 Elgar. Quartet in E minor Op 83 played by the Delme Quartet. 10.00 Sounds of Finland. 11.20 Recorder and Guitar (Recital by John Turner and Neil Smith). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 The Local Network. 7.40 Sunday, including 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather; 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 Welsh Drama (S). 3.30 A History of Wales in 29½ minutes. 4.00 News; The Food Programme.

4.30 The Natural History Programme? 5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback (Christopher Dunkley with comments and queries about the BBC). 6.30 Soundings. 7.00 Martin Chuzzlewit by Charles Dickens. 8.00 Bookshelf. 8.30 The Taste Trap. 9.00 News; Proof, by Dick Francis (S). 9.30 Law In Action. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature (S). Explorers Extraordinary. 11.00 Before the Ending of the Day (S). 11.15 In Committee. 12.00-12.15 am News.